Austria Sch22	Indonesia Rp3100	Portugal Esc100
Bahrain Din0.650	Israel NS3.50	S.Arabia SR7.00
Belgium BFr45	Italy L1600	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rs30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr9.00
Egypt E£2.25	Lebanon $L125.00	Switz SFr2.20
Finland Fmk7.00	Lux LFr45	Taiwan NT$65
France FFr6.50	Malaysia Rlt4.25	Thailand Bt50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Neth Fl3.00	UAE Dh6.50
India Rup15	Norway Nkr10.00	USA $1.00

FINANCIAL TIMES

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EC and Efta: The jigsaw grows, Page 22

World News

Protests erupt again in Soviet Armenia

Fresh demonstrations broke out in Soviet Armenia despite a moratorium on protests calling for the return to Armenia of the disputed regon of Nagorno-Karabakh. Witnesses said up to 7,000 protestors took part. Page 24

Noriega buys time

Panama's military leader Gen. Manuel Antonio Noriega bought himself time by offering to resign and by restructuring the leadership and middle ranks of the Panamanian defence forces. Page 6

Brazilian vote

Brazil's Constituent Assembly voted yesterday to retain a strong executive presidency, a major political victory for President Jose Sarney.

Liberia plot 'foiled'

Liberia said it had foiled a plot to overthrow the Government and kill President Samuel Doe. The Information Ministry said 12 of 19 suspected plotters had been arrested.

Mujahideen demand

The Soviet Union must recognise an interim government being formed by Afghan Mujahideen guerrillas if it wanted to take its troops home safely from Afghanistan, the Mujahideen said in Amman.

Iranians retaliate

Iran retaliated for recent Iraqi raids on its oil export operations by attacking two tankers – one Greek and one flying the Singaporean flag – off the coast of the United Arab Emirates. British and US warships went to the assistance of the crews. Page 4

Rhine shipping alert

Rhine authorities warned that shipping might have to be barred from the river later this week if recent rains swelled the river further. The Rhine was reopened to shipping on Monday after a five-day ban when water levels were 5m above normal.

Pretoria bans paper

South Africa banned the Roman Catholic New Nation weekly newspaper for three months, making it the first victim of censorship laws decreed last August. Page 4

Aquino reforms army

President Corazon Aquino ordered sweeping reforms of the Philippines army to enable more combat troops to be thrown against the growing communist insurgency. Page 4

Shamir pledge

Prime Minister Yitzhak Shamir promised that Israel would soon decide on a US Middle East peace plan but said his Government was under no American pressure to accept it. Page 4

Italian rail strike

Italian railway workers staged a 24-hour strike in protest against staff cuts while in Genoa thousands of steelworkers marched in protest against job cuts in local state-run foundries.

Seamen occupy ferry

Striking French seamen occupied a cross-Channel ferry in Calais after voting to continue a six-day-old stoppage indefinitely. British ferry crews continued their strike on the Dover-Calais route.

Turkish death sentences

A Turkish military court sentenced nine leftwing militants to death and 15 to life imprisonment for political violence.

Irish cemetery charges

A Protestant man was charged with six murders – including the killing of three mourners at a Roman Catholic funeral in Belfast, Northern Ireland, last week. Ulster film ban, Page 12

Business Summary

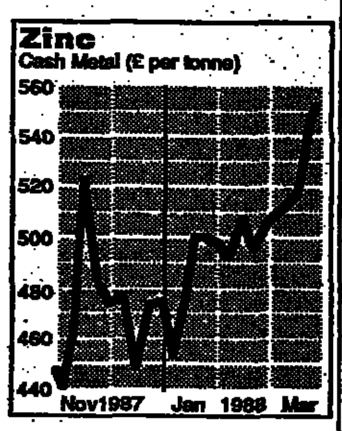
American Stores bids $45 a share for Lucky

AMERICAN STORES, third-largest US grocery and drug retailer, made a $45 a share cash bid for Lucky Stores, valuing the California-based supermarket chain at about $1.75bn. Page 25

CERUS, Paris-based holding company struggling to gain control of Société Générale de Belgique, said it had bought another 3.86 per cent of the company but was still just short of gaining a majority stake. Page 29

BID BY St Louis, French sugar group, for the French subsidiary of Italy's Buitoni pasta and chocolates group was rejected by Carlo De Benedetti, who sold the Buitoni assets to Nestle' of Switzerland last Friday. Page 25

ZINC prices maintained the advances made in early trading on the London Metal Exchange. Three-month metal closed up £6.75 a tonne at £547.25 a tonne – the highest level since December 1986. In dollar terms, the close at $996 a tonne was the highest for four years. Page 34



WALL STREET: The Dow Jones industrial average closed down 0.99 at 2,066.15. Page 46

LONDON: Currency movements took over as a chief influence in another session marked by muted interest and low volume. The FT-SE 100 index lost 5.7 to 1,835.4. Page 42

TOKYO: Yen's advance against the dollar dampened interest in high-technology stocks and gave Tokyo its first setback in five sessions. The Nikkei average fell 123.51 to 25,842.75. Page 46

DOLLAR closed in New York at DM1.6915; Y127.0; SFr1.3965; FFr5.7470. It closed in London at DM1.6935 (DM1.6900); Y127.10 (Y126.95); SFr1.4015 (SFr1.3995); FFr5.7525 (FFr5.7400). Page 35

STERLING closed in New York at $1.8330. It closed in London at $1.8295 ($1.8265); DM3.0975 (DM3.0875); Y232.50 (Y231.75); SFr2.5650 (SFr2.5550); FFr10.5250 (FFr10.4850). Page 35

CAMPEAU, Canadian real estate and retailing group, raised its offer for Federated Department Stores of the US to $82 a share cash for 80 per cent of the stock and $37 a share for the remainder, a total value of $6.63bn. The previous offer valued the company at $6.18bn. Page 24

RENAULT, French state motor group, posted net profits of FFr3.7bn ($645.7m) for 1987, returning to the black after years of heavy losses. Page 27

KAWAI, Japanese musical instruments maker, established a production base in the US by buying Lowry Industries, leading name in electronic organs, for an undisclosed sum. Page 26

LLOYDS BANK, one of the major UK clearing banks, closed its New York-based commodity trading unit as part of a wider review of profitability. Page 25

BANK OF NEW YORK launched a tender offer for all Irving Bank shares and associated defensive common stock purchasing rights. Page 25

LYONNAISE des Eaux, diversified French private water distribution group, reported a sharp increase in profits and plans to raise FFr1.2bn ($209.4m) to help finance investments. Page 27

Mitterrand stands for second term 'to provide unity'

BY IAN DAVIDSON IN PARIS

PRESIDENT François Mitterrand last night formally announced that he would stand for a second seven-year mandate in the Elysee Palace. In a surprise interview on national television, Mr Mitterrand answered simply "Yes" to the question whether he intended to run again at the age of 71.

President Mitterrand had been widely expected to seek a second term, not least because the public opinion polls have consistently placed him as the odds-on favourite against the two main right-wing rivals, Mr Jacques Chirac, the neo-Gaullist Prime Minister, and Mr Raymond Barre, a former centre-right Prime Minister under President Valery Giscard d'Estaing.

Until last night he had repeatedly refused to confirm or deny his intention to stand again, to the growing irritation of his rivals.

Mr Mitterrand justified his decision by the need to provide France with a unifying continuity, and to combat what he claimed were the divisive social effects of particular economic interests and the intolerance of "groups and factions."

By implication, this appeared to be an attack not only against the extreme right-wing National Front, but also against Mr Chirac's neo-Gaullist RPR party.

"I want France to be united," he said. "She will not be united if she falls into the hands of intolerant spirits, of parties which want everything, of clans and of factions."

Mr Mitterrand declined to spell out his campaign programme, but said that he would be publishing proposals and answering questions on them during the campaign. In particular, he refused to specify his policy towards those companies that were nationalised by the left-wing government after 1981, and subsequently re-privatised by the Chirac administration since 1986.

However, he implied that he did not intend to pursue this left-right argument. "I do not think that we should engage in a battle over new nationalisations. We must also have done with this sort of contagion of privatisations."

Surprisingly, Mr Mitterrand ruled out the automatic dissolution of the National Assembly in the event of his re-election. He said that he would appoint a new Prime Minister within the first 24 hours to reflect the new "presidential majority."

François Mitterrand arrives at French television studios last night to announce he will stand again

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Editorial comment, Page 22

POLITICAL BATTLE LINES ARE SET

BY PAUL BETTS IN PARIS

PRESIDENT François Mitterrand's long-awaited announcement last night that he would run for a second seven-year term completes the line-up of candidates for the French presidential election next month.

The first round on April 24 will place Mr Mitterrand against seven other candidates, including his two immediate right-wing challengers, Mr Jacques Chirac, the Gaullist RPR Prime Minister, and Mr Raymond Barre, who was Prime Minister under President Giscard d'Estaing.

Since Mr Mitterrand is assured of the bulk of the country's left-wing votes as well as those of many centrist electors, he is certain to go forward to the second round of voting two weeks later on May 8. He would then meet the winner of the first round battle on the right between Mr Chirac and Mr Barre which has taken on the look of an American-style presidential primary.

The latest polls continue to put Mr Mitterrand firmly in the lead in the first round with 38.5 per cent of voting intentions according to a Liberation-Ifop poll published at the weekend.

Mr Chirac now lies second with 25.5 per cent, overtaking Mr Barre who has seen his score decline from 26 per cent before last Christmas to 20 per cent today.

In the second round, the Liberation-Ifop poll predicts Mr Mitterrand winning with 55.5 per cent if his opponent was Mr Chirac and with 54 per cent against Mr Barre. Another poll published at the weekend by the Tribune de l'Expansion showed a Mitterrand victory of 54 per cent against either right-wing candidate.

The final result of the election will depend on how supporters of the five minority candidates vote after their first choice is eliminated in the first round.

It is also by no means certain that supporters of either Mr Chirac or Mr Barre will automatically transfer their allegiance to the winner of the right-wing primary. Indeed, there have been increasing tensions between the two right-wing camps, with Mr Barre's supporters becoming more outspoken in their attacks against Mr Chirac.

At the extremes of the French political spectrum, the two main minority candidates are: Mr Jean Marie Le Pen, the controversial and highly vocal leader of the ultra-right National Front, and Mr Andre Lajoinie, the official Communist party candidate. They were the first two candidates to declare themselves officially last year.

Although Mr Le Pen reached a peak of about 12 per cent of voting intentions last summer, his support received a bad knock after his blunder last September when he dismissed on French television Hitler's gas chambers as a "detail" of history. However, with 8.5 per cent in the opinion polls, his voters are still an important factor in the outcome of the second round. Mr Chirac has sought to attract potential National Front voters.

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Total continues acquisitions in North American oil and gas

BY GEORGE GRAHAM IN PARIS

TOTAL-COMPAGNIE Française des Petroles, the French oil company, is continuing its trail of oil and gas acquisitions in North America with the $612m purchase of CSX Oil and Gas, an energy subsidiary of the US railroad and resources group.

The purchase takes the outlay of Total's US subsidiary Minatome to nearly $1bn in two years and completes the group's North American expansion project. The company has recently bid unsuccessfully for other North American energy assets.

Mr François-Xavier Ortoli, Total's chairman, set a goal for the group of deriving 20 per cent of its upstream oil and gas cashflow from North American activities.

CSX, with immediate annual cashflow of $80m to $100m, will take it to this target level, although further purchases are not ruled out.

Total had already reached 10 per cent, mainly through the purchase of the reserves of Tipco and Lear Partners, US oil and gas groups, for a total of $220m.

CSX's production will almost double its North American output of hydrocarbons to around 8m barrels a day of oil equivalent.

The acquisitions strategy is also aimed at reinforcing Total's upstream oil and gas activities in relation to its refining operations.

The French company said yesterday that CSX Oil and Gas fitted in particularly well with its goals since it was exclusively involved in the oil and gas sector.

CSX's production – two-thirds gas and one-third oil – is mostly in the US, with sites on shore and in the Gulf of Mexico. It also has stakes in the Forties and Claymore fields in the North Sea, as well as in the Paris basin.

Besides its main oil and gas activities, Total has also recently diversified into gold production with the purchase of Getty Resources in Canada.

It has also been building up its oil and gas reserves elsewhere, taking 1 per cent in the Troll and Sleipner fields in the North Sea, in a swap with Statoil, the Norwegian state oil company.

Total is also reinforcing its position in Angola, where it recently took its stake in offshore block Number 2 to 27.5 per cent by buying a 10 per cent stake from Texaco for around $50m. The group is also taking a 15 per cent share in block 6, and is expected to be named operator for block 8.

Texaco sells assets, Page 25

Embattled Montedison appoints new chief executive

By Alan Friedman in Milan

ITALY'S MONTEDISON group, battered by market criticism in recent weeks over a controversial proposed share deal, yesterday appointed a new chief executive drawn from the ranks of American industry. He is Mr Alexander Giacco, the respected 68-year-old former chairman of Hercules, a leading US chemicals company.

Mr Giacco was last April named chairman of Himont, the world's largest polypropylene producer. It was originally a joint venture between Hercules and Montedison and was bought out by the Italian group last year.

Ironically, the new Montedison chief is a close friend of Mr Mario Schimberni, the Montedison chairman who was ousted last December after a clash with Mr Raul Gardini's Ferruzzi foods group, which controls 42 per cent of Montedison.

Mr Gardini yesterday spent the better part of a two-hour press conference defending his plan to lower Montedison's L8,000bn ($6.4bn) debt burden by transferring Montedison's profitable insurance and financial services interests to his own Ferruzzi group.

Under the proposed deal, Ferruzzi will bring to the market a holding company that will absorb Montedison's majority stake in META, one of the jewels in Montedison's crown. In exchange, Montedison's 100,000 minority shareholders will be offered an option to buy the new Ferruzzi shares, which will group META together with Mr Gardini's many interests, including Montedison and his holdings in sugar, agriculture, commodities, shipping and other sectors.

If Montedison minority shareholders do not wish to buy the new shares they will be left with the remainder of Montedison's core businesses in chemicals, pharmaceuticals and energy, plus the cash Montedison is to receive from the META transfer and use to reduce its debt.

Since it was announced on January 30, the Ferruzzi-Montedison deal has come in for heavy criticism for its alleged lack of transparency and disenfranchisement of the interests of small shareholders. Mr Enrico Cuccia, the key figure at Mediobanca, the Milan merchant bank that prepared the deal, has also come under fire.

Mr Gardini, who in December named himself Montedison chairman, yesterday bristled at the numerous demands for an explanation. With his new American

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Soviet talks in US focus on Afghanistan

BY LIONEL BARBER IN WASHINGTON

US AND SOVIET negotiators continued their pre-summit talks here yesterday with both sides attempting to narrow differences over a long-range nuclear arms treaty and Moscow's military occupation of Afghanistan.

The talks on Afghanistan have become a focus of the Washington meeting and are expected to come to a head today when Mr Eduard Shevardnadze, the Soviet Foreign Minister is due to meet President Ronald Reagan at the White House.

The United Nations-sponsored talks in Geneva are deadlocked on the question of when US military aid to the Afghan rebels and Soviet military support for the Kabul regime should cease.

The composition of an interim Afghan government once Moscow begins to pull back its troops is also unresolved.

Mr Shevardnadze made clear yesterday that Moscow would prefer a signed peace treaty in Geneva before withdrawing its forces from Afghanistan.

Speaking as he began a second day of pre-summit talks with Mr George Shultz, US Secretary of State, Mr Shevardnadze said: "It is better to have the document signed in Geneva. This is the better possibility."

Asked about comments last week by Mr Vadim Perfilyev, the Soviet Foreign Ministry spokesman, that Moscow would withdraw some of its 115,000 troops even if the Geneva talks collapsed, Mr Shevardnadze said: "I don't know when he said that . . . we'll see."

Mr Perfilyev's statement appeared to be a warning signal from the Soviets to the Kabul government which had raised new obstacles in Geneva.

President Reagan, striking a more conciliatory tone on Monday, said that "we may be approaching an historic moment" when the Soviets withdrew their troops from the conflict in Afghanistan.

The talks between Mr Shevardnadze and Mr Shultz are the second in a series of monthly planning sessions to pave the way for a fourth summit between President Reagan and the Soviet leader Mr Gorbachev in Moscow in late spring.

Yesterday Mr Shultz and Mr Shevardnadze formally opened the State Department the Washington Nuclear Risk Reduction Centre which is the first superpower crisis communication line since the "hot-line" in 1963.

The two sides have so far failed to bridge differences on a proposed treaty to cut strategic offensive missiles by 50 per cent.

However, the US and the Soviets have drawn up joint draft texts outlining their respective definitions of inspecting strategic nuclear arsenals, eliminating of the weapons and a memorandum of understanding for exchanging information on their numbers, size and location.

Girard plea, Page 2

US insurers accused in anti-trust suit

BY JAMES BUCHAN IN NEW YORK

A GROUP of the largest US insurers and several Lloyds syndicates were yesterday accused in court of violating anti-trust laws in conspiring to cut back on insurance coverage during the so-called "liability crisis" of 1984-86.

Eight US states, including New York and California, yesterday filed suit in a district court in San Francisco, alleging that four US insurance companies, the two main US insurance trade associations and several Lloyds syndicates manipulated the market for commercial liability cover.

This is the main insurance bought by business, charities and state agencies.

The big insurers named in the suit are Aetna, the largest quoted insurance company, Cigna, Allstate, a subsidiary of the Sears Roebuck insurance group and Hartford Fire.

The suit, which marks the climax of two years of investigation in the US and the UK, demands that the insurers be forced to restore cover for liability and seeks cash damages for injuries that state programmes suffered through the sharp reduction in liability cover in the middle of the 1980s.

Faced with massive losses on liability policies written during a heady expansion in the early 1980s, the US and UK insurance industry drastically increased

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CONTENTS

Deutsche Bank takes aim at public spending

BY ANDREW FISHER IN FRANKFURT

THE West German Government will have to take tougher action to cut subsidies and reform the costly social security system, if it is to make progress in reducing the country's high budget deficit, Deutsche Bank said in its latest economic bulletin.

This year, the public sector deficit is likely to rise by nearly DM20bn to some DM70bn (£23bn). But the bank said the situation was by no means as alarming as the deficits of the early 1980s, since gross national product had grown by a third in nominal terms since then.

One factor behind this year's higher deficit will be the latest DM14bn stage in the Government's tax reform package. This includes DM5bn of tax cuts brought forward from 1990. Yesterday, the Bonn cabinet approved the final 1990 stage in the tax-cutting process, which will involve some DM20bn. Overall, the three-stage package will total DM50bn.

Of the total deficit, the Federal Government's share will be more than DM40bn, a rise of DM10bn. This puts the net borrowing requirement back where it was in the early 1980s, But with the subsequent rise in the size of the economy, the deficit will be equivalent to roughly 3.5 per cent of GNP in 1988 compared with nearly 5 per cent in 1981.

Noting that the rise in the public sector deficit roughly corresponded to the latest stage of tax relief, the bank commented that the lower tax burden would have numerous positive effects above the actual boost to purchasing power.

"Above all, it acts as an incentive to employees, investors and entrepreneurs, spurring them on to greater effort and to be more adventurous. It opens up new opportunities to private enterprise, promotes growth, and curbs the shadow economy." Thus public sector income would also rise eventually and the deficits caused by the tax cuts would be reduced.

The bank stressed that fiscal policy should stick to a credible course by aiming to bring down the ratio of public spending to GNP and cut the deficit substantially in the longer run. The Federal Government has stated its intention of cutting the deficit by some DM10bn next year.

Only if this longer-run aim is consistently pursued will it be possible to put through the next DM20bn tax cut stage "without an irresponsible jump in the deficits," said Deutsche Bank. And only then would it be possible to cut high corporate taxes as the next step in promoting growth and employment. "The progress in reducing the budget deficits will, however, remain at risk unless subsidies are dismantled on a much greater scale and the social security systems are subjected to a fundamental reform."

Unctad plea for cut in shipping surplus

By William Dullforce in Geneva

BANKS, international financial institutions and governments were urged yesterday to stop financing the buying of new ships without making preliminary studies on whether there is commercial employment for them.

Governments were also asked to offer incentives to speed up the scrapping of surplus ships, in order to bring about a better balance between supply and demand in world shipping.

These calls came from the shipping committee of the United Nations Conference on Trade and Development at the end of a nine-day meeting. It is the first time that an international governmental forum has recognised so clearly the close link between shipbuilding and shipping, according to Mr Abderrahmane Bouayad, director of Unctad's shipping division.

Altogether, 86 countries and most public and private shipping and shipbuilding organisations were represented at the meeting, whose primary purpose was to examine the overcapacity in world shipping.

Unctad studies put the surplus tonnage at more than 130m deadweight tonnes, or about 20 per cent of the world merchant fleet, at mid-1986. This was an improvement of some 4 per cent over the situation in 1985 but Unctad saw the large surplus continuing for the foreseeable future.

Excess shipbuilding capacity was estimated to be 4.5m compensated gross tonnes or around 30 per cent on a worldwide basis. Unctad projected a decrease to between 2m and 3.3m tonnes by 1990, but that would still represent a surplus of about 20 per cent.

Mr Thorkil Christensen, managing director of the Association of West European Shipbuilders, said the overcapacity in shipbuilding could not be reduced without the participation of Japan and South Korea, the world's leading shipbuilders.

An announced reduction of 20 per cent in Japan was much too small, while Korea continued "to resist any drive to cut capacity", Mr Christensen said.

The Unctad analysis pinpointed government financial subsidies and other indirect support measures for the buying and operating of ships as the main cause of the prolonged crisis in shipping.

Mr Bruce Farthing, speaking for independent shipowners controlling some 600 dry bulk ships, said subsidies were only one of the methods used by governments to bend commercial and open trading principles. All unnatural aids, whether to shipping or shipbuilding, should be done away with, so that market forces could work to provide the cheapest and most efficient service for carrying goods by sea.

Giraud urges united defence for Europe

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

MR ANDRE GIRAUD, the French Defence Minister, yesterday reiterated his government's call for a strengthening of the "European pillar" of the Atlantic Alliance through the seven-nation Western European Union (WEU).

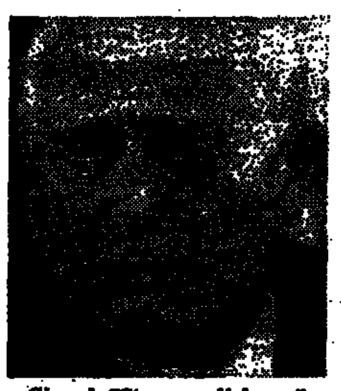
"The Atlantic Alliance cannot be strong if Europe is weak," Mr Giraud said in a lecture to the Royal Institute of International Affairs at Chatham House in London. But the French minister made it clear that closer co-ordination of European defence policies could not be envisaged outside the framework of the Atlantic Alliance.

Recent discussions had highlighted the significance of both the US military presence in Europe and its commitment to the defence of the European continent. "But dependence strengthens neither the Alliance's cohesion, nor the increased awareness of our individual responsibilities," Mr Giraud said.

The French Defence Minister called for both a "strengthened dialogue" with the UK, including greater co-operation in the development of new nuclear arms systems, like an air-launched stand-off missile. He also called for an extension of WEU to Spain and Portugal.

The minister hoped that the British Government would support such an enlargement and that invitations to both countries would be extended soon.

Mr Giraud dismissed as a secondary matter the present dispute over the relocation of the WEU's institutions, which Britain wants to be in Brussels. "I do not see how the security of Europe would be reinforced by moving the WEU headquarters from Paris to Brussels," he said.



Giraud: "Stronger dialogue"

On the issue of nuclear deterrence and the upgrading of nuclear weapons, however, Mr Giraud declared himself to be a firm supporter of the line taken by Mrs Margaret Thatcher, the British Prime Minister, at the Nato summit in Brussels earlier this month.

The Defence Minister said that it was a mistake to talk about the "modernisation" of nuclear weapons, as this gave the impression that more terrible systems were being developed. It was preferable to describe the implementation of the 1983 Montebello decisions by Nato Defence Ministers as "an upgrading of stockpiles through longer ranges for land-based or air-launched nuclear systems."

Nuclear deterrence was not a matter of figures but a question of dissuading a potential aggressor from undertaking an attack.

The INF treaty on the abolition of land-based medium-range nuclear weapons had left a gap which required increasing the ranges of some other nuclear systems in order to maintain the same level of deterrence.

GM chief warns on Japanese

By Robert Taylor, Nordic Correspondent, in Stockholm

COMPETITION, not protectionism, is the way to meet the Japanese car industry challenge, Mr Roger Smith, chairman of General Motors, told a seminar yesterday at the Stockholm Motor Show.

But he repeated earlier warnings that, without quotas and other forms of trade restriction used by some European countries, the Japanese share of the European car market could rise from its current figure of 11 per cent to 30 per cent, threatening the future of 10 large plants and 30,000 jobs.

However, Mr Smith went on to suggest that protectionism and quota-setting were becoming increasingly ineffective in dealing with Japan. "The Japanese are getting around trade barriers by building plants in Europe," he pointed out. "Since EC harmonisation could mean a common set of import restraints, the Japanese are seeking to get more involved in Europe before the door is closed to them."

Mr Smith acknowledged that the Japanese challenge had done a great deal to improve GM's own performance in recent years. It had compelled his company to "work hard to cut costs, reduce waste, improve quality, get closer to our customers and dealers, and especially to find alternatives to our traditional adversarial and costly labour-management relationship."

GM's president emphasised that European car companies had to give a high priority to improving product quality and productivity through "new partnerships" with their workers, taking on the challenge of an economically united Western Europe with the free market inside the EC by 1992 and long-term planning on new integrated design systems.

He pointed out that GM had moved to more progressive forms of management at its plant in Sarreguemine in France and in Vienna.

While he supported free trade, Mr Smith admitted that Japan's protection of its own home markets remained "one major obstacle." Last year Europeans bought about 1.4m Japanese cars, while only 90,000 European-built cars were registered in Japan.

However, he went on to argue that even as they worked to a more balanced trading position, they should not be diverted from the real issue of competitiveness.

EC agrees to widen public procurement

BY WILLIAM DAWKINS IN BRUSSELS

PUBLIC AUTHORITIES in the European Community will have to tender more widely for all contracts for supplies worth more than Ecu200,000 (£134,000) from the beginning of next year thanks to an accord yesterday between EC trade and industry ministers.

The agreement covers all kinds of basic public supplies purchasing from hospital beds to office furniture, representing an estimated 9 per cent of the Community's gross domestic product. Public authorities will have to advertise the general nature of their requirements in the European Commission's official journal well in advance, and will risk contravening EC law if they discriminate against suppliers from other member states.

It aims to stop loopholes in an existing directive which is supposed to guarantee free competition for supplies but has been generally ignored.

The accord excludes defence, water, telecommunications and public transport, sensitive sectors which are to be the subject of separate Commission proposals due to be tabled soon. The move also comes in parallel with separate Commission proposals for freer competition for public works contracts, of far greater economic importance than supplies.

Yesterday's agreement largely ignores a request from the European Parliament, supported by the UK and Ireland, to give public buyers the legal backing to discriminate in favour of suppliers which are good observers of national employment laws on equal opportunities and other working conditions.

It also waters down significantly demands from southern member states like Italy and Greece to be allowed to give favourable treatment to local businesses in underdeveloped regions, an idea strongly opposed by West Germany, currently president of the Council of Ministers.

Instead, individual existing regional preferences will be allowed to continue so long as no new ones are brought in, until 1992 when the Commission will come forward with new proposals on how public authorities should treat local suppliers. The Commission is ideologically against such discrimination on the grounds that regional aid, rather than public purchasing, should be the main tool for local development.

Hopes rise in Brussels for trade deal with Hungary

BY DAVID BUCHAN IN BRUSSELS

HOPES THAT the European Community could soon sign a landmark trade deal with Hungary were expressed yesterday by several EC foreign ministers and the Brussels Commission.

Mr Willy De Clercq, the EC external affairs commissioner, told foreign ministers that some EC states, and Budapest, were to blame for the fact that negotiations had dragged on in one form or another since 1983.

The negotiations' object is for the EC for the first time to commit itself to phasing out all Community and national quotas on imports from a Comecon country, in return for safeguards against damaging surges of Hungarian exports to the Community.

Mr Hans-Dietrich Genscher, the Foreign Minister of West Germany which currently holds the EC presidency, said yesterday he hoped a draft accord would be ready by April and that it could be signed before the German presidency expires at the end of June.

Recognising that Hungary has gone further down the road of economic reform, and to some extent political liberalisation, than its Comecon partners, most EC member states have been ready to offer Budapest better terms.

Mr Genscher appealed for all member states to "show flexibility" towards Hungary. Sir Geoffrey Howe, the UK foreign secretary, said Britain was ready to abolish the few national quotas it imposed on Hungarian goods. But other states, notably Italy, are less inclined to dismantle the much greater array of quotas they maintain against state-trading countries. The Hungarians, for their part, have been reluctant to offer the EC special safeguard clauses.

On issues of wider East-West dialogue, the EC ministers decided to table new human rights proposals in the Conference on Security and Co-operation in Europe in Vienna. Their aim is to enable the West to raise individual human rights cases in the CSCE review process. Mr Genscher hoped these proposals, to be tabled by the end of this month, would be discussed in the CSCE after its Easter recess.

Ministers jam television broadcast proposals

BY WILLIAM DAWKINS

WIDE-RANGING proposals to allow television companies to broadcast freely across the European Community yesterday ran into serious objections during the 12 member states' first ministerial debate.

Trade and industry ministers from West Germany, France, the Netherlands, Britain, Ireland and Belgium all raised serious objections to the scheme at a meeting in Brussels yesterday, heralding a difficult ride for what the European Commission plans to be an important part of the EC's plan to build a genuine single market by 1992.

The scheme, proposed by Brussels two years ago, sets common standards to be observed by programmes and broadcasters as a condition of obtaining free access across European networks. It would set a minimum 30 per cent for the proportion of programmes made in the Community, rising to 60 per cent after three years, with a 5 per cent quota of programme budgets to be set aside for independent producers, rising to 10 per cent over the same period. The quotas would constitute "unnecessary and undesirable government control," said Mr Alan Clark, the UK Trade Minister.

Brussels proposes that television operators should have an automatic right to take a licence on copyright within two years if they failed to agree terms with the programme makers, another point of contention for Mr Clark, who argued that copyright was not a barrier to free trade. The Commission scheme stipulates that no programme shorter than 45 minutes should be interrupted by advertising, of which there should be no more than 12 minutes per hour, and that there should be tough controls on material likely to harm children.

The UK, much to the Commission's chagrin, is supporting separate attempts by the Council of Europe, a forum of 21 European governments, to agree a more liberal – but binding – international convention on broadcasting.

Papal appeal

Pope John Paul, in a letter marking the 1,000th anniversary of Christianity in Russia, said yesterday that Europe could only be united and peaceful if every people chose its own development freely, Reuter reports from Vatican City.

Soviet energy sales grow as electricity swaps fall

SOVIET BLOC exports to the West of oil, natural gas and coal rose last year, the United Nations Economic Commission for Europe (ECE) said yesterday, Reuter reports from Geneva.

However, electricity exchanges fell by more than one-fifth, reversing a past trend of continuous growth.

As in 1986, gas and oil deliveries rose fastest by 5.4 per cent and 3.7 per cent respectively. Coal exports, which slumped by 11.9 per cent in 1986, were up by 1.3 per cent.

The Soviet Union maintained its position as East Europe's main energy exporter, accounting for more than 80 per cent of total deliveries.

Polish coal exports rose by 4 per cent, but supplies of electricity from Czechoslovakia dropped by 57 per cent.

Romanian exports of oil products were down by 4 per cent.

West European countries were the main customers for Eastern bloc energy deliveries.

West Germany took 22 per cent of the deliveries, Italy 15 per cent, France 12 per cent, Finland 11 per cent, and the Netherlands and Yugoslavia 7 per cent each.

The United States took 2.76m tonnes of Soviet and Romanian oil products, the ECE said.

MEPs asked to review Israel trade deals

BY DAVID BUCHAN

THE EUROPEAN Parliament is to be invited to reconsider its recent dramatic action in refusing to approve three new trade and financial agreements between the Community and Israel.

But EC foreign ministers, who yesterday decided to return the controversial accords for parliamentary reconsideration, clearly do not expect MEPs to take any action until there is improvement in the general situation in the Israeli-occupied territories of the West Bank and Gaza, and restored access for Palestinian produce to the European market.

Mr Hans-Dietrich Genscher, the West German Foreign Minister who chaired the meeting of his Community counterparts, said the European Parliament should "assume its proper responsibility for Mediterranean policy". The ministers seemed chiefly worried that the Parliament might be setting an awkward precedent in turning down the first trade accord it has had the chance to vet under powers gained in the 1987 European Single Act.

Mr Genscher denied that the ministers were sending Israel a contradictory signal to that already sent by the Parliament. The 12 EC member states had collectively criticised both the behaviour of Israeli security forces in the occupied territories and Israeli obstructionism to the direct marketing of Palestinian farm produce in Europe under the existing trade accord.

Sir Geoffrey Howe, Britain's Foreign Secretary, said that in returning the new EC-Israel protocols to the Parliament, the ministers were "not trying to minimise the importance of full and effective implementation" of the agreements, particularly those aspects directly affecting Palestinians.

On March 9 the Parliament voted down the three new protocols. Only one of them, expanding existing trade arrangements to take account of Spanish and Portuguese entry to the Community, came near approval. It came within five votes of the required 260 vote majority. But two other protocols – expanding duty free access for Israeli farm produce and granting an extra Ecu63m in subsidised EC loans to Israel up to 1991 – were heavily voted down.

S African action condemned

BY DAVID BUCHAN

A SEARCH by South African police of the Johannesburg residence of the West German Consul-General was "a serious infringement" of diplomatic immunity and was detrimental to relations between the two countries, Mr Hans-Dietrich Genscher, West Germany's Foreign Minister, said yesterday.

Mr Genscher briefed his fellow EC foreign ministers on the incident and said afterwards they had unanimously condemned the action by the South African police, who apparently claimed they were responding to a tip-off about the presence of a terrorist in the diplomat's house. Mr Genscher said he hoped "the guilty will be punished" and that the Pretoria Government would protect the security and inviolability of diplomats.

EC foreign ministers generally expressed relief at the temporary stay of execution accorded the six black prisoners known as the Sharpeville Six, and hope that the South African Supreme Court would give the condemned men "a new chance", Mr Genscher said after the ministerial meeting.

He added, however, that Pretoria's reaction to EC protests at the proposed South African clampdown on foreign funding of local anti-apartheid activities had not been positive. It was therefore likely that the clampdown would soon take place regardless of Europe's protests.

Representing the current West German presidency of the European Community, Mr Norbert Blum, the West German Labour Minister, is soon expected to visit South Africa to monitor treatment by European companies of local employees.

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Vassiliou hunts for elusive common ground on Cyprus

BY ANDRIANA IERODIACONOU IN ATHENS

MR GEORGE VASSILIOU, the newly elected President of Cyprus, has called on the British Government to help bring about a meeting between himself and Mr Turgut Ozal, the Turkish Prime Minister, for discussions on a settlement for the divided island republic.

Mr Vassiliou is expected to raise the subject directly with Mrs Margaret Thatcher, the British Prime Minister, during an official meeting in London on March 31.

The Cypriot President also stated in an interview with the Financial Times that he is ready to meet Mr Raouf Denktash, the leader of the Turkish Cypriot minority community, for settlement talks under the auspices of the United Nations. He called for a substantive agenda and a strict timetable to be set.

Mrs Thatcher is due to visit Ankara in April. Mr Vassiliou hoped that she would urge Mr Ozal to agree to meet him. "It is a message which I would very much like her to convey," he said.

The President indicated that the meeting could take place on neutral ground in order to bypass the objections raised by Ankara regarding his status. Turkey has so far sidestepped Mr Vassiliou's invitation, first issued after his election to the Cypriot presidency last month, by referring him to Mr Denktash.

Turkey invaded and occupied the northern part of Cyprus in 1974, in response to a coup staged by the Greek junta on the island. It subsequently became the sole country to recognise a breakaway "state" declared by the Turkish Cypriots in the occupied zone in 1983. By extension Turkey is the only country not to recognise the Republic of Cyprus.

"I do not mind letting Mr Ozal off the book. In essence he knows I am the President of Cyprus, but I don't want a meeting just for impressions. There are many occasions on which one could arrange a meeting which avoids the problem of protocol," Mr Vassiliou said.

The President suggested London or New York as possible venues. "Mr Ozal could be in London for a meeting and I could be there by coincidence. Or there is the United Nations special session on disarmament at which I will be speaking, and which it is possible that he might attend," he said.

The President said that in prospective talks with Mr Ozal he intended to raise the subjects he considers to be the crux of the Cyprus problem – namely, the withdrawal from Cyprus of Turkish troops, and settlers who have moved to the island from the Turkish mainland since 1974. According to Greek Cypriot estimates the settlers number 65,000. The Turkish position is that the numbers are far fewer and represent seasonal workers.

An additional item for discussion would be that of guarantees for a Cyprus settlement. Mr Vassiliou specified however that "on the basis of past experience" he would not accept Turkey as a guarantor. He was referring to the fact that Turkey invoked its status as a guarantor of the 1960 agreement, which ended British colonial rule in Cyprus and established an independent republic, to dispatch troops to the island in 1974. Britain and Greece are also guarantors of the Cypriot republic under the 1960 agreements.

The President added that the question of guarantees cannot be settled without an international conference on the Cyprus problem under UN auspices. Mr Vassiliou rejected the argument, advanced in the past by Washington, that such a conference would involve the Soviet Union in the affairs of Cyprus, which hosts two British sovereign bases and is strategically placed with respect to the Middle East.

"It is not Cyprus which will decide the relations between the superpowers. And I can't see any world problem that can be solved today without an understanding between the superpowers," Mr Vassiliou said.

Turning to a prospective meeting with Mr Denktash, Mr Vassiliou said this must be substantive and subject to a strict timetable, with the agenda and the time frame to be drawn up by the UN Secretary-General, Mr Javier Perez de Cuellar. "We want the United Nations to continue playing its role, because our basic position is that we want a solution to the Cyprus problem to come only from within the UN framework, not outside it," the Cypriot President said.

However, the new President said he regarded as a "provocation" a proposal by Mr Denktash that the two men should have non-substantive "get-acquainted" talks, in their capacity as Greek- and Turkish-Cypriot community leaders.

Mr Vassiliou said he considers the most recent UN draft settlement plan for Cyprus, presented by Mr Perez de Cuellar in 1986, "unworkable and therefore unacceptable."

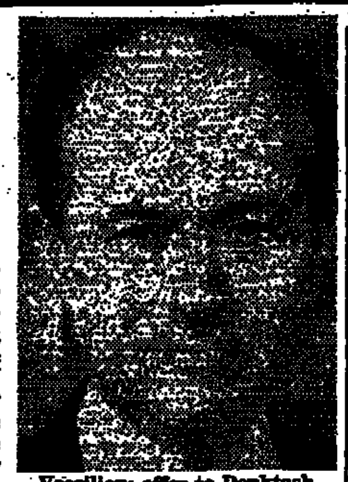
The plan envisaged a bi-zonal federated state with a Greek Cypriot President and Turkish Cypriot vice President, both with powers of veto. It also provided for a bicameral house with separate majorities required for key issues.

The plan was accepted by the Turkish Cypriots but rejected by Mr Vassiliou's predecessor in the Cypriot presidency, Mr Spyros Kyprianou, on grounds that it did not address the issues of Turkish troop withdrawal, guarantees, and the freedom of movement, settlement and property ownership throughout the proposed state.

"It is as though one had drawn up the legal documents for purchasing a piece of property in the City of London and agreed on all the clauses except the one setting the price," Mr Vassiliou said.

"For example, how can a democratic system work – and I assume that that is the system that everyone wants – if it refuses the right to a substantial number of people to go back to the town or villages where they were born?

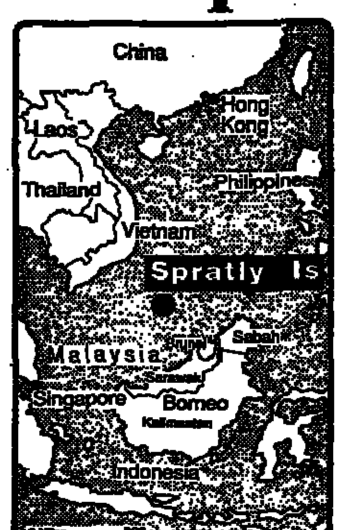
The Cypriot President described the proposed constitutional arrangements as "a recipe for disaster, which makes sure that there will be no rapprochement between the Greek and Turkish Cypriot communities for another thousand years."



Vassiliou: offer to Denktash

Robert Thomson on tensions that could lead to China-Vietnam clashes

Lure of the Spratlys' empty atolls



THE SPRATLYS are a motley collection of atolls, coral reefs and a few islands that have strategic value, depending on the tide. Yet five countries contest their ownership; China and Vietnam fought over them in recent days.

The cause of the clash has been obscured by the very different accounts released by Peking and Hanoi, both of which blame the other for firing the first shots and both of which have warned that further violations of territorial integrity will not be tolerated.

But both countries are unwilling to throw themselves into battle, because the Chinese have commandeered military facilities for civilian economic development and the Vietnamese are attempting to improve their international profile. A prolonged battle would complicate the delicate dialogue over Kampuchea, and compromise the Soviet Union's attempts to improve relations with China.

Regional claims

What the Vietnamese call the Truong Sa archipelago and the Chinese refer to as the Nansha islands are a group of 130 or so reefs, sandbanks and islands in the deep south of the South China Sea, spread over an area estimated by the Vietnamese to be 160,000 sq km. The distance from the nearest island to the Vietnamese coast is about 350 km, while 1,000 km separate the islands from China.

Curiously, Brunei, The Philippines and Malaysia also claim the Spratlys, while Taiwan, which regards itself as representative of all China, also claims the group, and has troops stationed on the largest of the islands.

Until last week, the countries had been content to make their claim in words and not in deeds, and so diplomats here are wondering why Chinese and Vietnamese vessels opened fire.

It appears that Hanoi was annoyed by an intensified Chinese survey programme in the area and by increased warship activity, which, Vietnam warned late last month, had caused "the situation to become dangerously tense."

It said: "We have time and again voiced our iron-clad determination to exercise our sacred right to defend our territorial sovereignty."

If the Chinese Communist Party was troubled by internal wrangling, then a clash with Vietnam would serve as a useful distraction. But there are few signs that such a distraction is needed and most diplomats have concluded that the clash was isolated.

The danger is that further incidents will provoke a tougher response from both sides, upping the military ante, and forcing the countries into a decisive battle.

Neither side has provided precise details about casualties, though the pro-Peking Hong Kong newspaper, Wen Wei Po, provided a more analytical account than the Chinese foreign ministry. The paper said Hanoi "was attempting to test the determination" of Chinese forces, which have been developing Taiping island, near the site of the clash.

Hanoi admitted that three of its naval vessels were hit, and then accused Chinese warships of "preventing Vietnamese vessels from coming to rescue the crews of the burning warships."

The encounter was a test for the Chinese navy, which is thought to be the most backward of the country's armed services and is in the midst of a modernisation programme. Its development had been hindered by the guerrilla war mentality that lingered in the senior ranks of the Communist Party after the revolution in 1949.

South China Sea

The Spratlys have significance simply because of their position in the South China Sea, and their proximity to shipping lanes. There is a possibility that the region contains oil and gas reserves though little exploration has been done and the competing countries are unlikely to invest heavily while doubt hangs over their tenure.

Interestingly, the Soviet Union would be implicated in any major battle, as its base at Cam Ranh Bay would become a key centre for the Vietnamese military. Diplomats suggest that Moscow has advised Hanoi to exercise caution, and emphasised the importance that it places on better relations with Peking.

China could well institutionalise its claims by declaring the group to be a county of Hainan island, which is to the south of Hong Kong and due to be appointed as a province by the national people's congress, China's parliament, in coming days. Ownership of the Paracel islands, to the north of the Spratlys, is disputed by both countries and this group also is likely to be named a county of Hainan.

Shamir says he returns unbowed from US visit

BY ANDREW WHITLEY IN JERUSALEM

MR YITZHAK SHAMIR, the Prime Minister, returned to Israel yesterday from the US, claiming triumphantly to have beaten off pressure from the Reagan Administration to modify his intransigent stand on the Middle East peace process.

Mr Shamir said negotiations would continue on the Shultz plan and he confirmed that the US Secretary of State is likely to resume his shuttle mission between Israel and its Arab neighbours in the near future.

However, temporarily overshadowing the US peace initiative, is a rapidly growing controversy over the Chinese medium-range missiles recently acquired by Saudi Arabia and disclosed by Mr Yossi Ben-Aharon, a top aide to the Israeli Prime Minister over the weekend.

The Israeli official's remarks about the possible need for pre-emptive action against the *Chinese missiles – comments* quickly endorsed by prominent right-wing politicians – appear to have annoyed the US. In a rare public *criticism of Israel, a US* diplomat said yesterday that Mr Ben-Aharon's comments had not been helpful to behind-the-scenes *efforts to have the missiles withdrawn.*

King Hussein of Jordan yesterday joined Syria in promising to help Saudi Arabia against any Israeli attack on the missile sites. Mr Shamir said at the airport: "Israel and the US regard this phenomenon (the introduction of medium-range missiles into the Middle East) seriously, and we are making efforts to deal with it."

Brushing aside the clear disagreements which emerged during his talks with Mr Shultz and President Ronald Reagan, the right-wing leader stressed instead *that US officials had spoken* repeatedly of the unbroken bonds of friendship and co-operation between the two countries.

At today's meeting of the inner Cabinet, the furious row between the two halves of the coalition government over the Shultz plan *and the need for early general* elections – put on ice during Mr Shamir's US visit – will be resumed in earnest.

But the Prime Minister, holding most of the decisive cards, has already signalled his unwillingness to be pushed into having to make a rapid decision on either issue. Instead, his aides say, he will push for a postponement of a decision, arguing that to act otherwise could prejudice the outcome of the next leg of the Shultz mission.

Iran attacks two Gulf tankers after Iraq raid

IRAN YESTERDAY retaliated for the latest Iraqi raids on its oil export operations by attacking two tankers – one Greek and one flying the Singaporean flag – off the coast of the United Arab Emirates, and British and US warships came to the assistance of their crews, Reuter reports from Dubai.

The US frigate Jack Williams picked up the crew of the Greek tanker Stavros GL when the seamen briefly abandoned their ship set on fire in a gunboat attack.

A few hours earlier, helicopters lifted doctors from the British destroyer Exeter to aid injured crewmen from the Singapore-flag gas tanker Havglimt, hit by Iranian craft in raids in which two sailors were killed.

Reporters flying near the Jack Williams, 35 miles off the United Arab Emirate of Ajman, said the US warship picked up the 29-member Greek crew of the 357,130-tonne Stavros GL. The crew, unharmed in the Iranian attack, later returned to the tanker and appeared to bring the fire under control.

Meanwhile, the death toll from Iraq's weekend attack on two Norwegian-owned tankers at Iran's Kharg island oil terminal was yesterday confirmed at 46, mainly Filipinos but also including one Swede and a Briton.

Andrew Gowers and Richard Johns on new depths of savagery in remote Kurdistan

Iraq bombs its citizens with lethal chemicals

NEITHER SIDE in the Gulf war has ever been particularly scrupulous about observing the accepted norms of international conflict. But what has been happening in the past year, and especially the last week, in a remote corner of north-eastern Iraq reveals previously-unplumbed depths of savagery.

Two days ago, the Iranian authorities took a group of Western reporters to the town of Halabja in Iraqi Kurdistan, which Iran had captured a week before.

The scene was appalling: hundreds of unwounded corpses strewn in the streets; hundreds more survivors writhing in agony in the hospitals; and a once-thriving settlement of 70,000 people or more reduced to a ghost town.

The visit provided graphic proof of something frequently claimed by Kurdish groups fighting the Baghdad regime in alliance with Iran: that Iraqi forces, in their increasingly desperate efforts to assert control of Kurdistan, have been bombing Iraqi civilians with lethal chemicals. "Surely President Saddam Hussein is the first ruler in the world to use chemical weapons against his own people," said Mr Hushyar Zebari, a member of the central committee of the Kurdish Democratic Party (KDP).

For the fact is that while world attention has been focused on the "tanker war", the "war of the cities" and the possibility of another Iranian land offensive on the southern front, Iran and the Kurdish partisans have been making considerable gains in the north.

In short, setbacks – and, it seems, heavy casualties – in Kurdistan have become as serious a worry as any facing the Iraqi regime seven and a half years into its existential conflict with Iran. Some observers believe trouble in the north-east – close to the all-important oilfields around Kirkuk and the pipeline transporting Iraqi oil out through Turkey – could prove to be the Achilles' heel of Iraq's defence.

The Kurds, occupying a mountainous and historically anarchic region encompassing parts of Turkey and Iran as well as Iraq and accounting for anything between one third and one fifth of Iraq's population, have long been a thorn in the side of successive Iraqi governments (as well as a problem for Ankara and Tehran). A mounting KDP insurgency aided by Iran in the early 1970s prompted Saddam to conclude the ill-fated Algiers accord with the Shah in 1975.

But the Kurdish problem returned with a vengeance after Saddam launched his invasion of Iran in September 1980.

Early on, Kurdish resistance was blunted by internecine divisions between the KDP and the Patriotic Union of Kurdistan (PUK), the other large Kurdish grouping, and by the fact that Iran was battling its own Kurds with considerable ferocity.

But the political picture has been transformed in the last 18 months. First, in November 1986, the PUK – which had earlier been in negotiations with Baghdad for greater regional autonomy – reached a political accord with Iran to co-operate in the toppling of President Hussein. Then, eight months later, the five main Kurdish groups – the KDP, PUK, and three smaller left-wing parties – agreed to bury their differences in the same cause.

The result has been a major boost in the partisans' morale and a significant improvement in their armoury. According to KDP and PUK representatives, Iran has been supplying them with a wide range of light and medium-strength weapons including Katyusha and SAM-7 rockets.

The Iraqi forces are facing two huge problems on the ground. First, according to diplomats in Baghdad, the central government has lost control of large segments of the countryside. The Kurds themselves claim to control an area the size of Lebanon , and independent visitors to Kurdistan report that even main roads are no-go areas for Iraqi forces at night.

Second, there is the Iranian incursion itself. Tehran's forces are in command of sizeable chunks of territory and some strategically-important locations such as the heights close to the Darbandikhan dam. Kurdish representatives claim that the Iranians might eventually be able to use these positions to strike behind Iraqi lines on the central battlefront, thus coming within reach of the oilfields.

The Iraqi response has been unprecedentedly harsh, even by Saddam Hussein's ruthless standards. Apart from the frequent use of chemical weapons, including more attacks reported yesterday, large numbers of Kurdish villages have been razed to the ground, and their inhabitants transported wholesale to camps the other side of the country. Mr Jalal Talabani, the PUK leader, calls it a policy of "genocide", yet the international community's response to the Kurds' mounting cries of alarm has so far been a *deafening silence.*

Drought forces Pakistanis to flee from desert area

BY JOHN ELLIOTT, RECENTLY IN KARACHI

MORE THAN 300,000 people have migrated with about 1.5m animals from the desert area of Tharparkar in south-eastern Pakistan during the past year after three years of drought.

The World Food Programme and other aid agencies, including the European Commission and Save the Children Fund, have sent emergency relief supplies of edible oil, milk powder, and vitamin tablets to the area which is one of the driest and most thinly populated parts of the plains of south Asia.

Because most of the country is watered by big rivers including the Indus, Pakistan has not been so severely hit by the current drought as neighbouring India where economic growth has slumped from 5 per cent to between 1 per cent and 1.5 per cent. Pakistan hopes to maintain overall growth of around 5 per cent to 5.5 per cent, only one percentage point down. But there is serious hardship in the Tharparkar, in Sind province, and in the Cholistan area of Punjab to the north.

More than half of the 500,000 population of the Tharparkar desert's 28,000 sq kms are Hindus, linked by family and caste ties to desert tribes of the neighbouring Indian state of Rajasthan, also seriously hit by drought.

Some make a living from smuggling whisky, edible oils, cardoman, and drugs and guns across the Pakistan-India border. But most rely on their animals – cows, goats, sheep and camels – and on crops of red chillies, cotton and grains which they hope to plant each autumn when a few weeks of seasonal rain should briefly turn the desert green almost overnight.

But for the past three years there have been few green areas among the sand dunes and parched scrubland. Ponds and wells have dried up and a mass migration has started westward. Rural settlements and villages of round mud huts and occasional stone houses have been abandoned as people have moved to towns near barrages on tributaries of the giant River Indus.

Aquino orders army reforms

PRESIDENT Corazon Aquino yesterday ordered radical reforms to allow the Philippine *army to throw more combat* troops against the growing communist insurgency, Reuter reports from Manila.

She told senior army officers she would abolish the much-criticised Unified Regional Command structure and give field commanders more independence to take on the guerrilla New People's Army in the jungles and mountains.

"I want more men behind guns, fewer behind desks," she told senior officers and troops at a parade to mark the 91st anniversary of the Philippine Armed Forces.

The pledge to end the unified command brought immediate backing from top field commanders who said it would cut red-tape and give fighting commanders more flexibility.

"(This) means the commander is king in his area," said Maj Gen Cesar Tapia, who controls thousands of the Philippines most seasoned troops in the country's southern command.

Pretoria closes critical Catholic newspaper

BY ANTHONY ROBINSON IN JOHANNESBURG

THE long-threatened South African Government clampdown on the so-called alternative media, became a reality yesterday when Mr *Stoffel* Botha, the Minister for Home Affairs, closed down the Catholic weekly New Nation for three months.

The minister's action coincided with what churchmen fear will be police action against prominent clerics such as Archbishop Desmond Tutu and the Rev Allan Boesak, the coloured Dutch Reform Church leader.

Both men reacted to the recent ban on 17 extra-parliamentary black political groups by pledging that the churches would move un to fill the vaccuum.

The pledge, which came after police water-hosed clerical demonstrators seeking to petition Parliament against the ban, was followed by a stormy meeting between President P W Botha and Archbishop Tutu last week. The Archbishop was told to make up his mind whether he served the kingdom of God or the kingdom promised by the African *National Congress.*

The rift between churches and state and the thinly veiled threats against politically outspoken church leaders prompted Dr Robert Runcie, the Archbishop of Canterbury, to send the Bishop of Lichfield to South Africa.

New Nation, with a circulation of around 20,000, is published by the South African Catholic Bishops' Conference. But it was accused by the Home Minister of carrying reports which revered the armed revolution in Mozambique, promoted the public image of Mr Govan Mbeki, the recently released ANC veteran, and both promoted revolution and engendered feelings of animosity towards the armed forces.

Mr Zwelakhe Sisulu, the son of jailed ANC leader Mr Walter Sisulu, is the New Nation's editor.

He was one of the first people to be detained when the state of emergency was reimposed 18 months ago, and is one of hundreds of senior black opposition figures still detained under the emergency and security laws.

Malaysian newspaper ban lifted

FOUR Malaysian newspapers ordered to close last October as part of a Government crackdown have had their printing licences restored and will be on sale again on Saturday, Wong Sulong reports from Kuala Lumpur.

Mr Megat Junid, deputy Home Minister, said the Government hoped the four had realised their past mistakes and would act responsibly in future. The papers were accused of highlighting racial issues.

Mr Junid said there were no conditions attached to the lifting of the ban.

Since the October crackdown, the Government has tightened security and press laws and journalists face severe jail terms for a wide range of offences.

African debt talks

African debtor nations yesterday agreed to discuss the continent's debt crisis with creditors in November or December, Victor Mallet reports from Lusaka. The venue has not yet been decided.

Finance and economics ministers from 12 African countries, representing more than 70 per cent of Africa's $200bn external debt, have been meeting in Lusaka this week to prepare for the talks. Creditors have so far expressed little enthusiasm for such a conference.

Kenyan rebel ousted

Mr Martin Shikuhu, the gadfly of Kenya's parliament and an outspoken critic of corruption, lost his seat in the country's one-party general elections, according to official results released yesterday, Reuter reports.

Early results showed President Daniel arap Moi and half his Cabinet had been returned unopposed.

Soviets go missing

Three Soviet military experts were captured by Eritrean separatists in Ethiopia and a fourth went missing, Mr Gennady Gerasimov, Foreign Ministry spokesman, said yesterday, Reuter reports from Moscow. He said the experts went missing after the Eritrean People's Liberation Front had captured a part of the disputed province.

Resignation 'ploy' buys time for embattled Noriega

BY DAVID GARDNER IN PANAMA CITY

GENERAL Manuel Antonio Noriega, Panama's military strongman, has bought himself time by offering to resign and by restructuring the leadership and middle ranks of the Panama Defence Forces (PDF).

The Reagan Administration and Panama's business-led opposition dismissed Gen Noriega's move as a ploy and demanded his immediate departure. But Panamanian government officials hope the offer will attract Latin American backing and tempt the US into overplaying its hand, in what all sides recognise is an *untenable situation for the General.*

On Monday night, Mr Manuel Solis Palma, the minister installed in the Presidency by Gen Noriega after he ousted President Eric Delvalle on February 26, told Panamanians the General had offered his resignation, promising to step down as PDF Commander at "an opportune time" before free elections, scheduled for May 1989.

Mr Solis said whether he accepted Gen Noriega's resignation depended on the results of a "national dialogue" to which he *invited all Panamanian political* forces.

Gen Noriega told journalists this was "a Panamanian solution," and, asked if he was resigning, replied with characteristic opaqueness that "everything is as clear as the night."

Just before Mr Solis' broadcast, the PDF announced an extensive list of promotions and dishonourable discharges in the wake of last week's failed coup.

The military shake-up advances officers who appear to have been picked for their loyalty to Gen Noriega, and, in three prominent cases, because they are highly regarded for their professionalism by US officials.

All officers and NCOs of the crack Urraca company – which put down the coup and now guards Gen Noriega – were promoted. Key members of the General's informal intelligence network have also moved up the hierarchy.

But at the same time, officers previously in charge of liaison *with the US on Panama Canal* defence matters have been moved into prominent positions.

Further changes are expected in what is an attempt by the PDF to retrench before the crisis destroys its cohesion, giving way to a hostile transitional regime which would attempt to dictate the terms of its withdrawal from the front line of Panamanian politics.

Mr Solis said that behind Washington's campaign to oust Gen Noriega was an attempt to destroy the PDF, and keep the US strategic military presence here beyond the year 2000, when under the 1977 Panama Canal Treaties the 14 bases of US Southern Command is due to close.

Senior government officials say the speech Mr Solis was to have delivered on Sunday night would have announced Gen Noriega's resignation if the weekend talks with a State Department delegation had not foundered on the issue of the PDF's future role.

Instead it made a strong pitch for Latin American support by promising Gen Noriega's departure and free elections, which officials say could take place earlier and would be supervised by observers from within the region.

Following a meeting last week in Bogota of senior officials from Colombia, Peru, Venezuela and Mexico, the Noriega regime has been told that its only chance of Latin American support is to offer "a clear, *civilian resolution*" to the crisis.

A senior Latin diplomat said regional governments cannot *back military coups,* and blame Gen Noriega for endangering Panamanian sovereignty and creating a new precedent for US intervention in Latin America under the pretext of action against the regional drugs traffic.

But there is little sign that Latin governments are prepared to match this concern with financial support unless Gen Noriega steps down.

The bankrupt Government this week *paid nurses with bags of 10* cent coins and deferred new payroll obligations. Officials say public employees are to be offered vouchers redeemable in three months, feeding them meanwhile with deductible "dignity bags" of basic foodstuffs.

The public employees, hitherto a pillar of the regime, have led the real movement to oust Gen Noriega since the Government ran out of cash two weeks ago. *All public offices and utilities* have been put under PDF control but neither guns nor "dignity bags" can hold Panama together much longer.

General Noriega snarls at reporters after his offer to resign

US durable orders down

US durable goods orders fell 1.8 per cent in February after dropping by the same amount in January, Reuter reports from Washington.

Economists had expected orders for durable goods, which are expensive items such as aircraft and refrigerators designed *to last more than three years, to* be up about 0.6 per cent in February.

The decline, to a seasonally adjusted level of $111.4bn, was the steepest since a 2.3 per cent fall in August 1987. It was the first time since spring 1986 orders had fallen in two consecutive months, the Commerce Department said.

The drop in part reflected weakness in machinery orders, which fell 8.0 per cent to $37.9bn *after a sharp rise in January.*

The steep overall decline surprised economists because other economic statistics last month pointed to a resilient economy.

Iglesias' vision of IADB runs up against US policy

Alex Nicoll reports from the Caracas meeting of the Inter-American Development Bank

ON MONDAY morning in Caracas, the scene was set for a new era for the Inter-American Development Bank.

Mr Enrique Iglesias, Latin America's star diplomat, was about to unveil his vision of the multilateral institution's future. Amid whirlwind rounds of talks and handshakes, he had already begun to mend the divisions and mistrust which have severely weakened it.

But before the former Uruguayan Foreign Minister could even stand up to speak, the magnitude of his task as the IADB's new president was spelled out in a few blunt words from Mr Allen Wallis, a State Department official heading the US delegation to the bank's annual meeting.

Mr Wallis took the opportunity *to reiterate the hard-line US atti*tude to the bank: its operations must be revamped, and its lending tied more closely to the economic policies of Latin American borrowing countries.

The US Administration would not ask Congress to fund the US share of a capital replenishment for the bank, unless there was evidence of such change. Without a capital increase, Mr Wallis said, "We are left with a small bank with modest resources and hence a limited role in the region."

Few would demur from this last assessment, nor from a general feeling of dissatisfaction. Shorn of new capital by the dispute between the US and Latin nations, the IADB's loans fell sharply last year. In a year in which the region's growth rate fell to just 2 per cent, the IADB took in more money from borrowing countries than it disbursed.

There is considerable doubt among industrialised countries about whether their money has been put to good use, and a general desire for greater conditionality of loans. The bank is seen as over-bureaucratic and inefficient.

Even borrowing countries acknowledge the need for change. "After 30 years of existence, any institution needs reforms," says Mr Mailson da Nobrega, Brazil's *Finance Minister.* "Some questions should be raised about what should be the bank's role in the 1990s." The IADB, he says, could be of particular help in reducing the role of the state in Latin economies.

If anybody can do the job of restoring confidence in the IADB, it is Mr Iglesias. His last diplomatic triumph came in 1986, when he was credited with saving a General Agreement on *Tariffs and Trade conference in Montevideo.*

His conference speech began with a call for a broad consensus about the bank's future - contributing to a solution of chronic debt problems and to the modernisation of Latin America. Reforms were needed, but the bank must remain multilateral. He was warmly applauded.

US conservatives still view him with some suspicion, and the US position has hardened since last year. Then, differences over voting procedures became the sole issue dividing the bank's shareholders. Borrowing nations, with 54 per cent of the vote, control its loan decisions.

The US wanted veto power for a 35 per cent vote - itself plus one other executive director. Other countries were prepared to accept a 40 per cent veto - the US plus two other of the 12 directors. All attempts at compromise failed and no capital increase was agreed.

Now, Mr Wallis said, the US wants major changes to have been accomplished before it will go to Congress for money. Loan policies must be altered, top posts reshuffled, organisations improved, morale restored. On top of this, it was unlikely that *the US could find any money* before the end of 1989 at the earliest, because of the budgetary process.

Mr James Conrow, a senior Treasury official, is expected shortly to fill the number two slot as executive vice president and to seek to implement some of the changes the US wants.

Not all industrialised countries share the US stridency about the IADB. Mr Toyoo Gyohten, *Japan's vice Finance Minister for* international affairs, said his country was prepared to put more money into the IADB. Because capital replenishment was so urgently needed, he asked other countries to concentrate on the issues which could be agreed without difficulty.

Nevertheless, the US, with a 34.5 per cent share, will have to be won over if Mr Iglesias is to succeed in enlarging and revitalising the bank.

Conciliatory tone in Contras' first direct peace talks

BY CHARLES CASTALDI IN SAPOA, NICARAGUA

ONLY a few days after one of the fiercest actions of the six-year Sandinista-Contra war ended, the two sides are engaged in remarkably conciliatory peace talks.

The optimistic mood has been underscored by both sides' decision to abide by a ceasefire during the three days of talks. The sudden end to conflict has created a constructive atmosphere for the talks in this hot windswept town a few miles north of the Costa Rican border inside Nicaragua.

General Humberto Ortega, Nicaragua's Defence Minister and head of the Sandinista delegation, announced the ceasefire by his troops even before talks had begun. The Contras reciprocated soon after, but complained the Sandinistas had tried to upstage them by not announcing their plans in advance.

The meeting was the first face-to-face encounter in six years. Both sides avoided recrimination in spite of tensions following the Sandinista offensive last week which prompted the US to send 3,200 troops to Honduras.

General Ortega described the talks as "frank and direct"; sentiments repeated by Mr Adolfo Calero, head of the Contra delegation. Previous peace talks, which started with the signing of the Guatemala agreement last year by the five Central American presidents, were all indirect, with Nicaraguan Cardinal Miguel Obando y Bravo as mediator.

General Ortega said both sides had made proposals for a more *permanent ceasefire.* The Sandinistas reiterated their proposal that the Contras lay down their arms and enter the civilian opposition inside Nicaragua where political issues could be negotiated. The Contras proposed a 30-day truce, during which time the Sandinistas would grant an amnesty and freedom of speech and would negotiate a more permanent ceasefire.

Since the talks began, the Sandinistas have insisted that the Guatemala accords only call for ceasefire talks with armed opposition groups, to be followed later by political negotiations once the insurgents are reintegrated into the society. On the other hand, *the Contras say that "democratisation",* a catchword for political negotiations, must take place simultaneously with ceasefire negotiations.

The Sandinistas recently reopened the dialogue in Managua with opposition parties, in compliance with the Guatemala accords, and although the last session with President Daniel Ortega produced partial results, (only eight out of 14 parties signed an agreement granting them more political space), the Sandinistas say the national dialogue is the sole forum to negotiate political issues.

A Western diplomat here said that having the national dialogue *going on at the same time as the* peace talks was "good stage managing by the Sandinistas. The problem is that the Contras don't see any guarantees in their entering this dialogue after disarming." He said that although "it is encouraging they are sitting down for a second day of peace talks, both sides are far apart as to what they think they're discussing there."

Senate overrides Reagan civil rights veto

BY NANCY DUNNE IN WASHINGTON

THE US Senate yesterday overrode President Ronald Reagan's veto of a major civil rights bill by an overwhelming 73-24 vote.

If, as expected, the House also overrides the veto, it will be only the third time Congress has overruled President Reagan since the Democrats regained control of the Senate last year.

Republicans joined Democrats in the controversial override, which is expected to have major implications in the presidential election campaign. Senator Robert Stafford was one Republican who urged the *override,* calling for "a clear and decisive message that discrimination in any form will not be tolerated."

The Bill would restore anti-discrimination protection of women, racial minorities, the handicapped and the elderly. This protection used to be guaranteed under a law overturned four years ago by the Supreme Court.

Opponents – mostly evangelical Christians led by the Rev *Jerry Falwell – charged that the* bill provided civil rights protection to homosexuals.

The bill overturns a Supreme Court ruling narrowing the federal civil rights laws which prohibited discrimination by schools, companies, state or local governments receiving federal funds.

President Reagan, disregarding warnings of a political backlash in the presidential election, vetoed the bill saying it would "vastly and unjustifiably expand *the power of the Federal Govern*ment over the decisions and affairs of private organisations.

EC spells out proposals for strengthening Gatt

BY WILLIAM DULLFORCE IN GENEVA

THE EUROPEAN Community yesterday called for a big increase in the resources available to Gatt and a closer working relationship between the world trade organisation, the International Monetary Fund and the World Bank.

The EC said Gatt should set up a liaison office in Washington, home of the IMF and the Bank, and play a greater role in those two organisations' interim and development committees.

In a paper submitted to the committee negotiating improvements to the Gatt system under the Uruguay Round, the EC spelt out the ideas for enhancing Gatt's status and political clout foreshadowed by Mr Willy de Clercq, the Commissioner for External Affairs, at the trade ministers' meeting in Konstanz at the weekend.

Under the EC plan, Gatt would have a mechanism for monitoring national trade policies and would be *reinforced* by a more regular involvement of trade ministers in its activities.

A basic aim is for Gatt to promote the role of trade in global economic policy-making, a development which the US and Japan have already backed.

A new trade policy review mechanism would produce regular country reports. Rather than setting up a permanent surveillance body, the EC wants these examined at special sessions of the Gatt council.

The reports, with the council's comments, would be made public. They would *not have to be* adopted but would be taken note of, and should not be perceived as judgements on countries' policies, the EC paper stated.

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Airbus in E German sales plan

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Norway agreed to submit to a panel a US complaint against its import licences on apples and pears while Japan accepted a panel ruling on a Canadian charge that its 8 per cent tariff on imported spruce, pine and fir lumber contravenes Gatt's article on equal treatment for like products.

The EC voiced dissatisfaction over Japanese delay in changing its taxes on imported wines and spirits, notably whisky, in conformity with a Gatt ruling. Japan said government and industry were consulting but more time was needed.

Carla Rapoport reports on the expansion of Tokyo's trade with its Asian neighbours

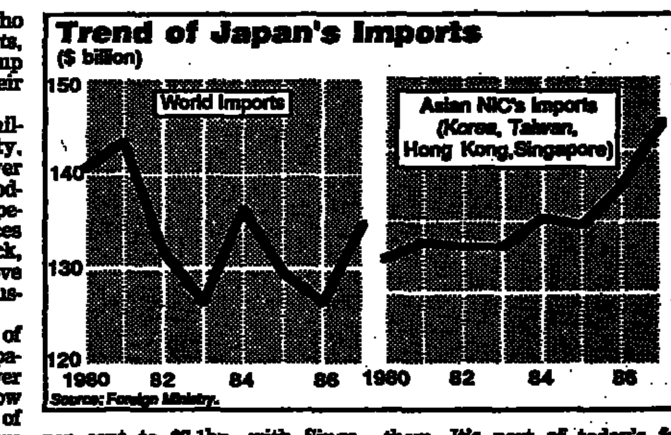
Japan learns to love imports from the NICs

JUST LIKE THE Europeans who once sniffed at Japanese imports, the Japanese have long turned up their noses at goods from their Asian neighbours.

Their *prejudices sound familiar*: supposed shoddy quality, unreliability, and worries over where to get the imported product fixed. But just as the Europeans easily shed their prejudices against Japan some years back, the Japanese are learning to love imports from Asia's newly industrialised countries (NICs).

The reasons for the change of heart are transparent. The Japanese may be wealthier than ever *before, but they also know how* to cut costs. The appreciation of the yen has meant that importers and retailers can buy Asian products much more cheaply. For the most part, this saving is being pocketed before it gets to the consumer, so retailers are delighted to promote Asian goods.

Japanese exporters have opted also for producing more and more of their low-tech products in Asia, using Japanese components, and shipping the results back to Japan as well as to the US and Europe.



Japan's imports from South Korea, for example, shot up by some 53 per cent to about $8bn last year; sales to Japan by Taiwan were up by more than 50 per cent to $7.1bn, with Singapore and Hong Kong both registering increases of more than 40 per cent each.

For the first time in recent memory most of the NICs' sales to Japan were manufactured products, not raw materials. Crucially for the NICs, who see Japan as a primary market for their goods, it is now becoming fashionable to own Asian products in Japan.

"The image problem has been solved in the last two or so years," says Mr C H Kwan, senior economist at the Nomura Research Institute in Tokyo. "Young people are happy to buy them. It's part of today's fashion," he says. Nomura predicts that imports from NICs this year will increase by another 50 per cent and grow steadily in subsequent years. Japan still maintains a large trade surplus with its Asian neighbors, who depend on the larger country for key components and capital goods. Some economists expect that surplus to disappear within five to seven years.

Japan is taking this sharp increase in imports very calmly, even in the face of a decline in exports. Unlike the US, which has initiated a number of trade disputes with the NICs, Japan's official line remains very positive. "At a time when the growth rate of developed countries is declining, the NICs have contributed significantly to making the (economic) pie bigger. It is counterproductive to blame NICs for their excellent performance," said a foreign ministry official.

Japan can afford to have this positive attitude. Its large trade surplus is a continuing embarassment, so imports of any kind are greeted with official cheers. Also, NICs imports have not shaken up the established business order in Japan. Retailers are still not passing on to the consumer their savings on cheaper foreign products, so Japanese manufacturers have not had to drop their prices to compete. The western concept of consumerism is still largely unknown in Japan.

Will consumerism ever take hold in Japan, forcing retailers to pass on the savings to shoppers? No doubt Europeans and Americans would be delighted to see the Japanese industry shaken up by aggressive South Koreans and Taiwanese. However, the answer seems to be no.

Japan's established distribution system remains heavily over-manned, consisting of ranks of wholesalers who each take their cut. At the same time, most of the country's large manufacturers own their own retail outlets and avoid price-cutting like the plague. So far, only one small, privately-owned company has attempted to cut through the power of the established wholesaling, retailing and manufacturing industry and sell foreign imports direct to the consumer.

That company, Inbix, with its first store opened last month, is selling NICs goods at prices 30 to 40 per cent below those of domestic products. The store is doing a booming business and the company aims to have 200 stores around Japan established within two to three years.

But even Inbix recognises the problems of the established Japanese retailer. "If they sell NICs products very cheaply, they may get some pressure from Japanese manufacturers. So they can't do it. It's a complicated situation," says Mr Jiro Hashimoto, manager of Inbix in Tokyo.

"I hope we will put pressure on the big Japanese manufacturers, at least a little," he adds. It is possible that this pressure could become *significant if more companies* jump on the Inbix bandwagon of direct sales. Inbix is purposely locating its stores outside major cities where land is cheaper. Consumerism, as far as Japan is concerned, is a revolution waiting to happen.

Soviet sales bring fine for Toshiba

TOSHIBA Machine Company of Japan was yesterday fined Y2m (£8,630) by the Tokyo District Court for illegally selling sensitive technology to the Soviet Union, AP reports from Tokyo. Two former executives were given *suspended sentences.*

The judge said Toshiba Machine's actions "seriously damaged the economic activities, foreign relations and trade policies of our nation, which is trying to protect free trade and international co-operation."

Toshiba Machine, a subsidiary of Toshiba Corp, Japan's second-largest electronics maker, sold $17m worth of sophisticated milling machines to the Soviet Union, part of them allegedly through Norway's state-owned Kongsberg Vaapenfabrikk, between 1982 and 1984.

UK, India discuss collaboration

BY JOHN ELLIOTT IN NEW DELHI

INDUSTRIALISTS from the UK and India have begun moves to *increase trade and industrial collaboration* between their countries.

The Confederation of British Industry and the Indian Confederation of Engineering Industry this week signed a joint policy statement in New Delhi and key sectors have been selected for co-operation.

"I am here to get British businessmen to put India on their radar screens," Mr John Banham, CBI director general, said yesterday. He said he was the first holder of his job to visit India and wanted to find out why the country was given low priority by most UK industrialists.

Missions are to be organised to the UK of Indian businessmen involved in instrumentation, food processing, electronics, process plant and heavy electrical engineering, and an investment conference will be held in London in June.

The statement was signed *during two days of meetings of the* Indo British Industrialists Forum which were to have been attended by Mr Paul Channon, British Minister of Transport. Mr Channon had planned to tour India this week but his visit was stopped by the Indian Government because Mr Rajiv Gandhi, Indian Prime Minister, is angry about a recent BBC television programme.

Both the British Government and the industrialists hope to correct relative declines in business between the two countries. The UK, which exported £896m and imported £432m in 1986-87, has been overtaken by the US, West Germany and Japan as India's main trading partner. The US and West Germany have also been striking more industrial collaborations in recent years.

Mr Channon had hoped to discuss long-delayed possible contracts for a £100m railway coach factory, a £45m modernisation of *air traffic systems, and an order* for small airliners worth up to $300m.

There has been a general slowdown in awards of Indian public-sector contracts during the past year, and this has led to a decline in payments of the British Government's concessional aid to India. Basic UK aid is falling in 1987-88 to less than £90m after running at about £110m-£115m in each of the previous three years.

Taken together with extra aid available from the UK's aid-for-trade provision, the annual total given to India has dropped from around £140m to about £100m.

The issue was reviewed at a twice-yearly meeting of the two governments' officials in Delhi last week. India is now trying to bring forward aid-supported deliveries of commodities like British-made steel railway lines to try to stop the basic aid total falling below £90m.

Talks on US-Japan chip row

By Louise Kehoe in San Francisco

A SUMMIT meeting of leaders of the US and Japanese semiconductor industries, aimed at resolving key differences over semiconductor chip trade, is to take place in California this week.

The "working meeting" of senior executives of most of the world's largest chip makers represents an effort by the industry to resolve the US-Japanese dispute over foreign access to the Japanese semiconductor market.

Under the terms of the 1986 US Japanese Semiconductor Trade Agreement, Japan agreed to double its imports of foreign chips within five years.

This, the first such meeting since the signing of the trade accord, is a co-operative effort of US and Japanese trade groups.

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BY WILLIAM DULLFORCE IN GENEVA

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However, Brussels sees the policy review mechanism as allowing the Gatt secretariat to play an important advisory role in "maximising" the IMF and World Bank loan programmes.

Ministers should not be involved in the routine process of decision-making but should "provide guidance and orientation" and take steps to inject dynamism into Gatt, the EC proposes in its paper.

Japan tariffs prompt US Gatt call

BY WILLIAM DULLFORCE

THE US said yesterday it intended to ask for an extraordinary meeting of the Gatt Council as early as possible in April to discuss Japanese restrictions on imports of beef and citrus fruits.

Washington has been pressing Japan to abandon its import quotas and to open up its market for months. The controversy is nearing breaking point, with the current agreement on the quotas being due to expire at the end of March.

Washington has refused to continue bilateral talks until Japan agrees to drop the quotas. Prime Minister Noboru Takeshita's Government says it cannot.

In the Gatt council yesterday Mr Yoshio Hatano, the Japanese ambassador, said the US call for an extraordinary meeting and (he assumed) for the establishment of a disputes panel was premature and prejudged the outcome of the consultations.

Tokyo has offered to increase its quotas. The possibility that it might pledge to lift the quota system at some fixed time in the future has also been ventilated but the Japanese would only consider dates too far into the future for the Americans.

The time had come for the Japanese import restrictions to be looked at in Gatt, Mr Samuels said.

Australia and Argentina, both of which are interested in the Japanese beef market, backed the US call for an extraordinary meeting in the council yesterday.

The US move was generally interpreted as an attempt to force Tokyo into last-minute concessions before the March 31 deadline.

Puerto Rico group plans cashmere challenge

By Larry Luxner in San Juan, Puerto Rico

A JOINT VENTURE based in Puerto Rico plans to break into the luxury knitwear market. It harbours the ambitious plan of securing more than a quarter of world cashmere sweater sales by 1990.

If the venture is to meet its objectives it must overcome the supply problems faced by cashmere manufacturers. It must also counter the influence of Dawson International, the large Scottish textiles group, which dominates the world market for luxury knitwear.

The Puerto Rican project involves Japanese fashion designer, Hanae Mori, Washington-based Transworld Group, and the Beijing International Trust and Investment Corp of China. It is expected to begin operations soon in Rio Grande.

Its aim is to produce 180,000 cashmere sweaters in the first year, rising to 500,000 by the third year.

The investment amounts to $12m: $7m in the Puerto Rico plant and $5m in the Peking plant.

SAS orders aircraft from Fokker, Douglas

BY LAURA RAUN IN AMSTERDAM AND SARA WEBB IN STOCKHOLM

SCANDINAVIAN Airlines System (SAS) has ordered new aircraft worth about $315m.

Fokker, the Netherlands aerospace group, received a record order for 15 short-haul Fokker 50 passenger airliners and options for 15 more from Scandinavian Airline System (SAS).

The value of the contract was not disclosed but the 50-seat turboprop is believed to sell for around $13m apiece. The first 15 aircraft are to be delivered over a nine-month period beginning in September 1989.

SAS has also ordered a further five Douglas DC-9-81 aircraft for SKr730m ($122m) to expand its European fleet.

The Douglas order is seen as a stop-gap pending the airline's final decision on whether to modernise its medium-range fleet with Boeing, Airbus or McDonnell Douglas aircraft such as the MD-91, MD-92 and MD-93. A decision is expected by the summer.

SAS said that the five DC-9-81 aircraft would replace the DC-9-41 and DC-9-51 models which it has used on its European routes since the 1970s. The aircraft will be delivered in the second half of 1989.

The replacement aircraft are slightly larger than the models currently in use, seating 133 passengers compared with 110 for the DC-9-41 and 120 for the DC-9-51.

Earlier this year, SAS placed a $700m order for nine long-range Boeing 767 aircraft for its intercontinental fleet.

SAS had previously shown an interest in both the McDonnell MD-11 and Airbus A340 aircraft, but plumped for the Boeing instead to replace its fleet of DC-10 aircraft because it was cheaper and available sooner.

Fokker is currently being rescued from its financial troubles by the Netherlands Government which plans to take a 49 per cent stake in the private sector company in a deal worth Fl 645m ($340m).

Fokker intends to lay off 1,700 workers in an effort to dig itself out from a Fl 14m loss in 1987 arising from severe production delays in its Fokker 100 airliner and sluggish sales overall due to the strong guilder.

The SAS contract brings the total order portfolio for the Fokker 50 to 71 orders and 30 options while it needs to sell around 175 to break even. So far 12 aircraft have been delivered.

Fokker reportedly is still in talks with SAS about selling the 100-seat Fokker Twinjet, negotiations which began two years ago. Fokker said it won the Fokker 50 order against stiff competition from the Franco-Italian ATR 42 and the De Havilland Dash 8. De Havilland is now a subsidiary of Boeing.

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"I am here to get British businessmen to put India on their radar screens," Mr John Banham, CBI director general, said yesterday. He said he was the first holder of his job to visit India and wanted to find out why the country was given low priority by most UK industrialists.

Missions are to be organised to the UK of Indian businessmen involved in instrumentation, food processing, electronics, process plant and heavy electrical engineering, and an investment conference will be held in London in June.

The statement was signed during two days of meetings of the Indo British Industrialists Forum which were to have been attended by Mr Paul Channon, British Minister of Transport. Mr Channon had planned to tour India this week but his visit was stopped by the Indian Government because Mr Rajiv Gandhi, Indian Prime Minister, is angry about a recent BBC television programme.

Both the British Government and the industrialists hope to correct relative declines in business between the two countries. The UK, which exported £865m and imported £432m in 1986-87, has been overtaken by the US, West Germany and Japan as India's main trading partner. The US and West Germany have also been striking more industrial collaborations in recent years.

Mr Channon had hoped to discuss long-delayed possible contracts for a £100m railway coach factory, a £45m modernisation of air traffic systems, and an order for small airliners.

There has been a general slowdown in awards of Indian public-sector contracts during the past year, and this has led to a decline in payments of the British Government's concessional aid to India. Basic UK aid is falling in 1987-88 to less than £90m after running at about £110m-£115m in each of the previous three years.

Taken together with extra aid available from the UK's aid-for-trade provision, the annual total given to India has dropped from around £140m to about £100m.

The issue was reviewed at a twice-yearly meeting of the two governments' officials in Delhi last week. India is now trying to bring forward aid-supported deliveries of commodities like British-made steel railway lines to try to stop the basic aid total falling below £90m.

Talks on US-Japan chip row

By Louise Kehoe in San Francisco

A SUMMIT meeting of leaders of the US and Japanese semiconductor industries, aimed at resolving key differences over semiconductor chip trade, is to take place in California this week.

The "working meeting" of senior executives of most of the world's largest chip makers represents an effort by the industry to resolve the US-Japanese dispute over foreign access to the Japanese semiconductor market.

Under the terms of the 1986 US Japanese Semiconductor Trade Agreement, Japan agreed to double its imports of foreign chips within five years.

This, the first such meeting since the signing of the trade accord, is a co-operative effort of US and Japanese trade groups.

MANAGEMENT

As Ford pulls out of its projected plant at Dundee in Scotland, **Chris Sherwell** explains how the motor group's Australian subsidiary has developed a new model under the "employee involvement" system

Bringing more brain power to bear

AUSTRALIA IS best known abroad for producing minerals and commodities such as wool, wheat and meat. Its reputation does not extend to achievements in manufacturing. Nor for that matter to its industrial relations.

It is therefore a surprise to discover what is happening at Ford Australia. Not only has it launched, this month, a new all-Australian car. It has done so with a novel system of management inspired by its US parent but embellished at home.

In essence the system contradicts the traditional Western way of assuring consistent quality – namely, that management checks the output of workers who are following engineers' minutely *detailed instructions, and adapts* those processes on the basis of customer experience.

Ford Australia is instead passing authority to the individual operators themselves, and giving them the means to assure the quality outcome as they work. By doing so, the company has joined the tally of manufacturers around the world, especially in the motor industry, which have started to borrow management practices from Japan, and adapt them for home consumption.

The goal is simple: zero defects, yielding major cost savings. The company and the Australian customer are about to discover *whether it is achievable.*

The new management system has three ingredients. The first, called "employee involvement" (EI), is the element which comes from Ford in the US, and it means exactly what it says. Indeed, Ford, and its European subsidiaries, have already taken steps to give operators more responsibility for quality.

The Australian contribution is to be found in the other two ingredients. One is a borrowed notion called "statistical inference," the other a local Ford engineer's concept called "process intent."

Linked together, the three add up to a radically different way of organising a manufacturing process. But Ford Australia, after trying it on its existing lines, has *ambitiously applied it to the* design and production of a new car.

The driving force behind this project is Bill Dix. In 47 years with Ford, he has risen from mailboy to president. Now 62, he heads the most successful of the country's five car manufacturers.

According to John Button, the Government's Industry Minister, Ford and Bill Dix are setting an example for all Australian manufacturing. Bill Kelty, powerful secretary of the trade union movement, agrees.

The local car industry – competing manufacturers, component suppliers – is already learning the lesson.

Outsiders may find all this *preposterous. Is Australia's car* industry not one of the most highly protected in the land? And surely the country's centralised system for resolving industrial disputes is still irritatingly inflexible?

The answer to both questions is yes. But it should not obscure the changes under way, especially as they are being put so emphatically and *publicly to the* test with the launch of the new EA Falcon.

The new Falcon is the result of five years of effort and A$700m (£287m) in investment, and replaces the highly-successful XF Falcon which last year helped Ford to capture 30 per cent of the domestic car market.

The launch comes against a troubled economic background of rapidly declining car sales and severe rationalisation under Senator Button's eight-year car plan, which began in 1984. The plan foreshadows a fall in the number of auto manufacturers from five to three, and a drop in the *number of models from 13 to six.*

Ford has already linked up with Nissan of Japan on what is known as "Project Mathilda", while Holden (part of General Motors) and Toyota have formed even closer ties. The fifth manufacturer, Mitsubishi, is re-orienting production towards exports.

Ford is also preparing to manufacture an open-top version of its Laser for export to the US. The Laser is based on the 323 car manufactured by Mazda, with which Ford has a strong tie.

But it is the new Falcon on which Ford Australia is pinning its hopes, and on which Dix's reputation now rests. By any standards he and his company have taken a gamble. Yet it is clear why they did so.

From 1977 to 1979, Dix was *responsible for the worldwide* export activities of Ford Europe. Based in Dagenham, outside London, he learned first-hand about troubled industrial relations as well as exporting.

He then had the good fortune to learn very different lessons about the same subjects in Japan, where for two years he was Ford's president following the company's tie-up with Mazda.

When he returned to Australia to take up his present post in mid-1981, the first thing he confronted was a six-week strike. It was the company's worst disruption since 1973, and he resolved to change things.

The result was the introduction of the "employee involvement" system. Ford adopted this in the US in 1979 and subsequently in West Germany and elsewhere on the continent, although patchily.

UK unions have, at a national level, just given a commitment in principle to introduce quality discussion groups, though it remains to be seen whether the shop floor will accept them.

"Employee involvement" sprang from the view that the only way to motivate employees was to give them challenging work for which they could assume responsibility. This represented a change in Australia, just as it had in the US. It required more participative management and careful explanation to employees and unions, as well as across-the-board commitment.

The system revolves around voluntary meetings of employees resolving problems of their own choosing. For the company it means providing facilities, using specialists to encourage discussions, even paying employees for meeting.

By 1986, says Ford Australia, EI groups were tackling 1,500 projects, more than 70 per cent of which concerned improvements in the plant operations or vehicle quality (rather than the working environment or social issues). Only a handful produced no results. In the UK Ford's management can only aspire at present to such progress.

It was as he first began introducing this system in 1983 that Dix confronted the most important *strategic decision he would* have to make: a future replacement for the Falcon.

The choice initially seemed wide: a car based on the Mazda 929 in Japan, on the Taurus in North America, or on the European Granada. None seemed to fit the bill – typically they were either not wide enough or did not come in station wagon form, both cardinal requirements of the Australian consumer.

That left the risky and expensive alternative of an all-Australian design. But the people at Ford knew what they wanted: the spacious interior of the XF Falcon to meet fleet buyer demand (which had taken almost 70 per cent of Falcon sales), and a shorter exterior look which attracted individual buyers.

It came up with the EA26, which not only achieves these goals through a modern European "aerodynamic" styling but incorporates new body structures. It introduces a new high-performance engine and features a new front and rear suspension system and a new steering system – all essentially Australian developed.

To design this and then make the necessary investments to manufacture it on time and within budget has taken more than a special effort – it has demanded the development of new management techniques beyond "employee involvement".

Dix's most far-reaching decision has probably been to follow the advice of Tom Pettigrew, a Ford engineer responsible for quality assurance who is now the project manager for the EA26.

He argued that "employee involvement" was but one leg of a three-legged stool. Of the remainder, "statistical inference" was borrowed, in true Japanese style, from the legendary quality expert Dr W. Edwards Deming who argued that some 85 per cent of defects came not from special causes but from natural variations in the parts of the manufacturing process under scrutiny.

The implication was that most causes of poor quality cannot be attacked directly because they are the result of the system itself – to reduce the incidence of defects required a management initiative.

The final element – "process intent" – sprang mainly from Pettigrew's frustrating failure in the 1970s to reduce Ford's warranty repair rate.

Despite alterations to deal with customer complaints, he found that owners of Fords and other Australian-made vehicles were reporting between two and four times as many things going wrong in the first year compared with owners of vehicles made in Japan.

He decided the traditional approach, being based on defect detection and correction instead of prevention, was wrong. A car was the result of a whole series of progressive production operations; the secret lay not in ensuring each operation was performed in a specified way, but in the more subtle aim of securing the desired quality outcome at all stages.

To achieve Japanese standards, in other words, did not mean starting calisthenics classes or wearing uniform company clothes, or even introducing "quality control circles" (though Ford's approach to "employee involvement" has elements of the latter).

Rather, it meant recognising the power of operators right down to shop floor level. In their position and with their experience, they alone could prevent defects – provided they were given the means to do so.

Since they could only control what they could measure, systems had to be devised accordingly.

In practice this "three-legged stool" approach has a remarkable and obvious result: more use of more brain power of more employees. People are obliged to work together, co-operating and collaborating in groups and teams.

It also means projects cannot be undertaken sequentially; different parts have to be done in parallel. None of this is easy. That implementation requires management courage is indisputable.

Ford Australia tried the new system when it began assembling the Laser. The process sheets, which are based on Japanese practice, made it obvious that the Japanese placed more reliance on their workers than Western manufacturers. Ford then tried it on the old Falcon. In both cases warranty repair rates dropped and production costs were cut.

But the big opportunity came with the new Falcon, which was being designed and manufactured from scratch. Pettigrew started by creating a matrix management group containing senior representatives from every division to manage every aspect of the programme.

This then delegated responsibility through 17 systems management groups which ensured that every major system and component of the new car met the targets set for design, tooling, production and cost as well as quality.

Among other things, that meant selecting component suppliers early and bringing them in directly.

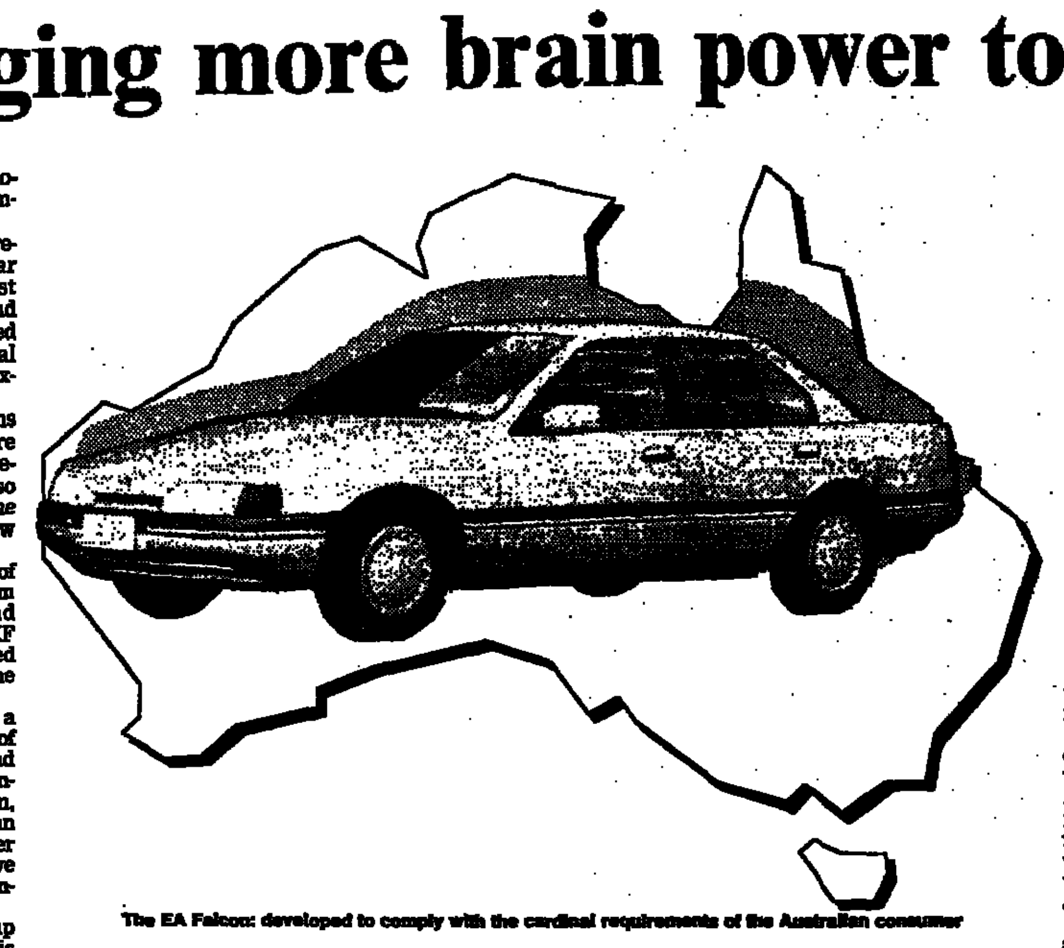
Within the systems groups, smaller teams were formed as needed to do process and product design for their element of the project. Progress depended not on decisions from above but on the co-operation of colleagues.

Union acceptance of the changes came once the main blue collar union, the Vehicle Builders, was persuaded by Ford's argument. Of all the unions among Ford's 12,000 employees, only the Amalgamated Metal Workers resisted, and there are now hopes that it will come on board.

A total of 845 man-years of work and A$70m has gone into the new Falcon's engineering development alone. Altogether, 338 prototype engines were built.

The other big expenditures have gone on the assembly line; Ford Australia has more robots than the other four manufacturers together.

Coming off the line is a range of ten EA Falcons – all with a list of engineering, design and internal features intended to attract the buyer. The real test of customer reaction is about to begin.



The EA Falcon: developed to comply with the cardinal requirements of the Australian consumer

Business courses

Design study tours to Japan and West Germany. Britain's Design Council is running its third Japanese study tour for senior managers from May 27-June 4. Companies to be visited include Brother, Mitsubishi, Nissan and Sony. Closing date March 30. A similar study tour to West Germany will take place from October 16-21, visiting Bosch, Braun, Rosenthal and other companies. A tour may also be arranged to Sweden. Details from Philippa Thompson, Marketing Services, Design Council, 28 Haymarket, London SW1Y 4SU. Tel: 01-839-8000. Telex 8812963.

Negotiating skills, London. May 18-19. Fee: £410. Details from Course Organiser (GM2), Management Development Centre, City University Business School, Frobisher Crescent, Barbican Centre, London, EC2Y 8HB. Tel: 01-920 0111 Ext 2311. Fax: 01 588 2756.

Cultivating corporate change – a business partnership, Surrey. May 18-20. Fee: SIM member: £800 + VAT; non-members: £900 + VAT. Details from 1988 SIM Conference Secretariat, 72 Fielding Road, Bedford Park, Chiswick, London W4 1DB. Tel: 01-995 8356. Fax: 01-994 5598. Telex: 8954111 REPLAY G.

Quality improvement workshop, Derbyshire. May 19-20. Fee: £220 + VAT. Details from David Hutchins Associates, 13/14 Hermitage Parade, High Street, Ascot, Berkshire, SL5 7HE. Tel: 0990 25968. Telex: 847738 DHAQIC G.

Promoting and implementing entrepreneurial management, Paris. April 18-19. Fee: BFr90,000. Details from Mrs Nina Gilles, Management Centre Europe, rue Caroly 15, 1040 Brussels, Belgium (Ref: 2884-62). Tel: 32 2 516 19 11. Telex: 21917 61743. Fax: 32 2 513 71 08.

Financial communications and advertising, London. May 11-12. Fee: £609.50. Details from Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4UJ. Tel: 01-925 2323. Telex: 27347 FTCONF G. Telefax: 01-925 2125.

Developing managerial effectiveness, Henley-on-Thames. May 23-28/October 17-22. Fee: £990 + VAT. Details from Fenella Galpin, Registry Administration Manager, Henley - The Management College, Greenlands, Henley-on-Thames, Oxon RG9 3AU. Tel: 0491 571454. Telex: 849026 HENLEY G.

Capital reduction stands despite mistake in circular

RE EUROPEAN HOME PRODUCTS PLC
Chancery Division: Mr Justice Mervyn Davies: March 16 1988

CANCELLATION of a company's premium share account may be confirmed by the court, though the resolution to cancel was passed on the strength of an inaccurate circular, if creditors will not be prejudiced, if the voting was not influenced by the inaccuracy and if, after subsequent notification of the error, the shareholders do not oppose confirmation.

Mr Justice Mervyn Davies so held when confirming the cancellation of a share premium account on the petition of the company, European Home Products plc. The petition was unopposed.

HIS LORDSHIP said that the company had a share premium account of £24.6m which arose as a result of rights offers and a cash subscription attendant on its acquisition of Scholl International and Ivarte SA.

On November 27 1987 the directors circularised shareholders proposing that the share premium account be cancelled and replaced by a capital reserve against which goodwill arising from the Scholl and Ivarte acquisitions could be written off.

They said that "in view of the goodwill of approximately £38.5m arising on the acquisitions" and their stated policy to write off good will as and when it arose, they considered the company should have maximum reserves for writing off goodwill.

The circular was accompanied by a notice of an extraordinary general meeting of the company on December 23 1987, and a notice convening a meeting of convertible preference shareholders earlier the same day.

At the meetings, the convertible preference shareholders passed a resolution consenting to cancellation of the share premium account, as was required under the Articles of Association, and the company then passed a special resolution that the whole amount standing to the credit of the share premium account be cancelled.

Thereafter it emerged that there was a mistake in the circular of November 27, in that the £38.5m was inaccurate. The sum stated should have been £17.5m. The error arose as a result of a calculation having been made in US dollars and not converted to sterling.

On the present petition the company sought confirmation of the cancellation of the share premium account.

The question was whether the court should confirm the cancellation, in light of the fact that the directors misinformed themselves and the shareholders as to the true value of the good will.

Before it was realised that the circular was inaccurate, the directors thought the total special reserve fund would be £42m. On the basis that for £38.5m goodwill one should read £17.5m, the special reserve emerged as £24.5m.

The directors were not averse to accepting a special reserve in that sum. They regarded it as a figure against which future goodwill might be written off.

On February 8 1988 the company sent a circular letter to all ordinary and preference shareholders. It stated that subsequent to the meeting of December 23 it had been established that the goodwill arising on the Scholl and Ivarte acquisitions was £17.5m rather than £38.5m, and that there would be a correspondingly increased balance on the capital reserve account against which goodwill on future acquisitions might be written off.

The circular went on to say that the directors still intended to seek the court's sanction of the cancellation of the share premium account. It invited shareholders who wished to be notified of the place and date of hearing to complete and return an enclosed reply-paid form.

Seventeen shareholders returned the reply-paid form, but no shareholders attended the hearing.

The court's jurisdiction to confirm cancellation of a share premium account was contained in sections 130(3) and 135 to 137 of the Companies Act 1985. Section 137(1) provided that if the court was satisfied as to every creditor entitled to object to the reduction of capital, it "may make an order confirming the reduction on such terms and conditions as it thinks fit."

The company had undertaken to carry the amount of the cancelled share premium account to a special reserve which, while any current creditor was unpaid, was not to be treated as realised profit but as undistributable reserve. The court was therefore left with the discretion conferred by section 137(1).

In *Tiessen v Henderson [1899] 1 Ch 861, 870*, which concerned a misleading circular, Mr Justice Kekewich said the question was whether each shareholder, when he received the notice, had fair warning of what was to be submitted at the meeting. He said the shareholder "did not know the real facts and therefore . . . the resolution is not binding on him."

Jessel Trust [1985] BCLC 119, 124, 125 was concerned with the sanctioning of a scheme of arrangement as well as reduction of capital. The facts were distinguishable, but the judgment, by analogy, afforded considerable guidance. Mr Justice Slade said the court could not properly approve a scheme "if it was reasonable to suppose" that a change between date of circular and date of meeting "might have influenced the way the members voted at the meetings."

He went on to say that the onus on directors who failed to disclose to the court a change of circumstances between date of circular and date of meeting was "a very heavy one."

In *Minster Assets [1985] BCLC 200, 201*, Mr Justice Harman was asked to sanction a scheme of arrangement where there had been a change of circumstances between date of circular and date of meeting.

He said "on broad principle . . . material misrepresentations must not only be accurate when made, but must remain the whole story when they come to be acted on . . . because if circumstances have materially altered, a person's decision may also be altered."

Those extracts showed it was by no means easy to secure the court's confirmation of a resolution passed on the strength of a circular containing inaccurate information.

A further circumstance was that the value of the goodwill was overstated by no less that £21m, and the net assets shown in the last balance sheet were £17m.

On the other hand, the following considerations were borne in mind:

(a) Only two shareholders attended the extraordinary general meeting on December 23. Proxies showed 12,322,929 votes in favour of cancellation, 802,832 discretionary and 946 against.

In the face of those figures it was difficult to suppose that "against" votes would have prevailed had the November circular been accurate.

(b) Only two shareholders attended the separate meeting of convertible preference shareholders. Proxies showed 767,871 votes for cancellation and 420 against.

Again, it was difficult to suppose that "against" votes would have prevailed had the circular been accurate.

(c) The company circulated shareholders drawing attention to the mistake and enclosing the reply-paid form for those wishing to be notified of date and place of hearing. Seventeen were notified but none appeared to oppose the proposed order.

(d) The mistake in the circular did not prejudice creditors in any practical fashion.

In the light of those considerations the question was whether the inaccuracy in the November circular could not have influenced the minds of reasonable shareholders.

Reasonable shareholders could have been, but were in fact not influenced by the inaccuracy.

That view was taken because only 17 shareholders sent in the reply-paid cards and not one attended to oppose the order.

In that situation one could only assume that no shareholder regarded the mistake as being of such importance as to warrant taking any steps to oppose the cancellation – despite the fact that goodwill worth £17.5m was stated to have been worth £38.5m.

The court in its discretion confirmed the cancellation. It did so with considerable hesitation because facts stated in company circulars respecting reductions, cancellations, schemes of arrangement and the like should be reliable.

For the company: Michael Todd (Allen & Overy).

By Rachel Davies
Barrister

THESE REPORTS are published in volume form with the full text of judgments. For subscription details contact Kluwer Law Publishing, Africa House, 68 Kingsway, London, WC2B 6BD. Telephone 01 831 0391.

Evidence sheds light on investigation into Burton takeover

EVIDENCE given by Mr Tony Parnes to the inspectors investigating the Guinness affair in last January indicates some of the possibilities being considered by the Trade and Industry Department before it launched a separate investigation into the Burton Group 10 months later.

In questioning Mr Parnes, the inspectors made a point of asking whether Guinness approached Sir Ralph Halpern, chief executive of the Burton Group, or Sir Phil Harris, chief executive of Harris Queensway, for support in its bid for Arthur Bell or Distillers. They also asked whether either had approached Guinness for support in bids in which they were involved. In each case Mr Parnes said he was unaware of any involvement.

The attention given to this issue by the inspectors and the nature of their questions may have significance in identifying the reasons, not hitherto publicly disclosed, for the DTI inquiry which focused on the Burton takeover battle for Debenhams, the retailers, in 1985.

Sir Phil Harris and Mr Gerald Ronson played a key role in this battle by accumulating an 8 per cent stake in Debenhams through the broking services of Mr Parnes, and then assenting it to the Burton's bid.

The inspectors asked Mr Parnes: "Changing the subject, did you ever approach Sir Ralph Halpern or anyone connected with him to be a supporter in either the Bells or Distillers takeover (bids by Guinness)?"

Mr Parnes said: "No."

The inspectors then asked whether Sir Jack Lyons, who has been charged with offences in connection with the Guinness takeover of Distillers, approached Sir Ralph. Mr Parnes said that he was not aware of such an approach.

The inspectors then asked: "Are you aware of any discussion or communication with anyone, be it Sir Ralph Halpern or anyone else at Burtons, about buying or selling Guinness or Distillers or Bells through either of the takeovers?"

"What about Sir Philip Harris? Are you aware of any approach to him to be a supporter in either the Distillers or Bells takeover?

"Did you ever approach anyone at Guinness for support in any takeover bid in which Sir Ralph Halpern or Burton was involved?

"Or any takeover bid in which Sir Philip Harris was involved?"

"What about Sir Jack? Are you aware whether he ever appoached anyone at Guinness to assist any of these gentlemen in their takeover bids?"

Parnes replied in the negative each time.

Parnes declines to explain his fears

TOMORROW a hearing starts in Santa Ana, California, brought by the UK Government to extradite former stockbroker Mr Tony Parnes on charges relating to his alleged role in the Guinness takeover of Distillers. *Clive Wolman* examines the transcript of inverviews with Mr Parnes conducted by DTI inspectors presented as evidence to the hearing.

THERE ARE several moments of mystery and of unappreciated comedy during the three gruelling interviews to which Mr Tony Parnes was subjected by the Guinness inspectors, arising particularly from his unexplained fears about revealing the nature of his relationship with Mr Ari (also called Alan) Margulies, the son of the chairman of S and W Berisford.

These first became apparent in the first interview on January 22 1987, shortly after the new Guinness board had published a list of payments to unknown recipients in the takeover battle aftermath.

Mr Parnes was asked who prepared the invoice in the name of a Swiss company, Consultations and Investissements, that Mr Parnes presented to Guinness for a £3.35m fee for the work Mr Parnes carried out during the Guinness takeover bid.

Mr Parnes, after a pause, said: "I cannot answer at the moment." Mr Parnes was then allowed a short break to confer with his solicitor, after which he said: "Mr Donaldson, I want to tell the truth and the whole truth but there is a threatening situation to me which affects me and, therefore, makes it difficult for me. In fact, I actually do not know how to handle it."

Mr Donaldson: "When you say a threatening situation what do you mean, Mr Parnes."

Mr Parnes: "How would I describe it? Retaliation."

"Of what nature."

Mr Parnes: "I do not know. It could be anything."

Mr Parnes' solicitor Mr Sinclair then asked: "Is Mr Parnes able to achieve any reassurance that the person named would not know where your information came from?" Mr Donaldson replied that a total assurance was not possible.

Mr Parnes: "Mr Inspector, I want to tell the truth and the whole truth but on the other hand the truth can be changed. Yes, my solicitor...(A pause) There is nothing I can add, that is the problem because of the people I am dealing with. That is the problem."

Mr Parnes' solicitor: "Mr Parnes has considerable nervousness and has been strongly advised to make full disclosure, which he wishes to do but is extremely nervous." Mr Donaldson repeated that the inspectors would exercise their discretion.

Mr Parnes: "The invoice was given to me by Mr Ari Margulies."

Mr Donaldson: "This is spelt M-a-r-g-o-u-l-i-e-s?" Mr Parnes: "M-a-r-g-u-l-i-e-s." Mr Donaldson: "It is a matter of public knowledge that there is a Mr Margulies who is connected with Berisford. Is this some relation of his?

Mr Parnes: "His son."

Later, Mr Donaldson returned to the subject: "What was the retaliation that you feared and to which you made reference earlier in this interview?"

Mr Parnes: "Just discussing other people's affairs."

Mr Donaldson: "That is not retaliation. Did you fear retaliation of a physical nature or of some other nature?" Mr Parnes: (Pause) "I cannot say."

Mr Donaldson: "From whom did you fear retaliation, Mr Parnes?"

Mr Parnes: "I cannot say."

Mr Donaldson then allowed Mr Parnes to confer with his solicitor over the consequences of refusing to answer a question. After the short break, Mr Donaldson resumed: "I am asking you now, who is the person from whom you fear retaliation?"

Mr Parnes: "I am not answering you, Inspector."

Mr Donaldson: "You are not answering my question? You have received advice on the consequence of answering questions put by Inspectors, have you?"

Mr Parnes: "I could go to jail."

Mr Donaldson: "What kind of retaliation do you fear?"

Mr Parnes: (Pause) "I am not going to answer that question."

There then followed a discussion off the record, after which the inspectors moved on to another subject.

Another moment of both mystery and comedy arrived in the second interview when Mr Parnes was asked about money that was paid into a Lloyds International bank account in the name of a Swiss lawyer, Mr Daniel Guggenheim. Mr Parnes said that the account was opened to receive money "for a company which I mentioned to you off the record."

Mr Donaldson asked whether it was a client account. Mr Parnes said it was. The following exchange then occurred:

Mr Donaldson: "I have taken a piece of paper and I have written 16/1 on it, for the sake of the transcript, and I am going to ask you to write down the name of the client on that piece of paper. (Paper handed to witness). You should show it to Mr Sinclair. (Paper shown to Mr Sinclair and handed back to Mr Donaldson). I was hoping, possibly, to be able to respect the anonymity of your client but given what you have written down here I do not think we need go through that particular charade. What you have written down here is "A. Parnes", is that yourself?"

Mr Parnes: "Yes."

Through his solicitor Mr Richard Waller, of Lewis Silkin, Mr Ari Margulies denies having had any knowledge of, or connection with, the invoice referred to by Mr Parnes.

Mr Waller states that Mr Margulies refutes all allegations of threats of any kind having been made either to or against Mr Parnes.

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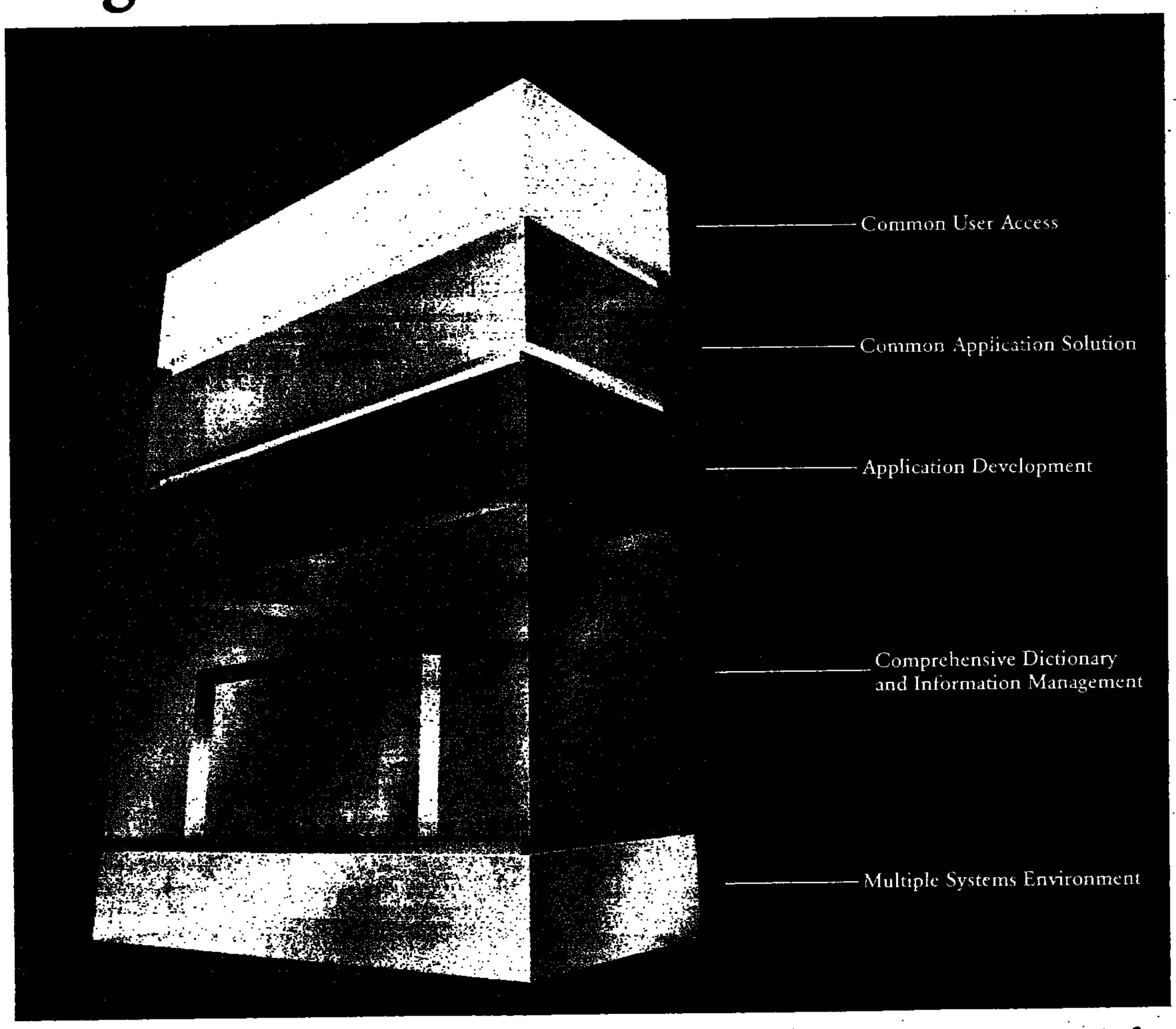

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Societe anonyme a capital fixe

NOTICE TO SHAREHOLDERS

Notice is hereby given that an extraordinary general meeting of Svenska International Growth Fund (the "Company") will be held at the registered office of the company, 146 Boulevard de la Petrusse, Luxembourg, at 3.00 p.m. on March 29th 1988, with the following Agenda:

1. change of the name of the Company to "Svenska Selection Fund"
2. conversion of the Company into a société d'investissement a capital variable (SICAV)
3. Approval of the following object clause:
   The exclusive object of the Company is to place the funds available to it in securities of all types with the purpose of spreading investment risks and affording its shareholders the results of the management of its portofolio.
   The Company may take any measures and carry out any operation which it may deem useful in the accomplishment and development of its purpose to the full extent permitted by the law of 25th August, 1983 regarding collective investment undertakings".
4. reclassification of the existing shares of par value US dollars 2,- each as shares with no par value.
5. restatement of the Articles of Incorporation of the Company following its conversion into a SICAV.
6. provision for the issue of shares of different classes each of which will entitle the holders to participate in separate assets of the Company.
   The proposed draft Articles of Incorporation, subject to changes and amendments up to the date of the meeting, are available for inspection at the registered office of the Company where copies may be obtained upon request by the shareholders.
   All resolutions to be validly passed shall require the presence in person or by proxy of at least half of the issued shares and the affirmative vote of 2/3 of the shares present or represented.
   If you are unable to attend and vote in person at the extraordinary general meeting, you may obtain a form of proxy from the Company, telephone (352) 499 8111, telex 2405/shb lux which should be completed and lodged with the Company by March 29th, 1988 before the opening of the meeting.

UK NEWS

Striking workers to vote on Land Rover peace plan

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

SIX THOUSAND manual workers at Land Rover, the vehicle maker, will meet this morning to decide whether to call off a pay strike which has halted production at the company's plant in Solihull, West Midlands, for more than four weeks.

They will gather on a sports ground adjacent to the factory to vote on a peace formula agreed between trade union leaders and Land Rover's management yesterday at the Birmingham offices of the conciliation service, Acas.

Details of the plan were not disclosed before the meeting, but Acas confirmed a suggestion by Land Rover's management that it involved no new money on the table. "It is a different package, but the cost to the company is no greater than that of the previous one," Acas said.

It is understood the revised package centres on the consolidation into basic pay of a bonus to reward good attendance. The unions had complained that reliance on bonus payments would create greater uncertainty over the level of earnings.

It is thought the company has agreed that £3.50 of the £8.50 attendance bonus, due to paid in the second year of the deal will be consolidated into basic pay. This should improve pensions benefits and overtime pay which are linked to basic pay rather than overall earnings.

However, the company has insisted bonuses should be calculated on an unchanged index of efficiency. Union officials said the deal included only marginal changes and would not cost the company a great deal more than its original offer.

The outcome of this morning's vote is unpredictable. Workers are likely to be angered at the lack of an increased offer but will be told by their negotiators that it is the best deal they can get.

Although the strikers have endured considerable hardship because of the length of the dispute, pickets outside Land Rover's gates yesterday afternoon said their resolve to get an acceptable deal remained strong.

An important factor may prove to be the decision by the workers' unions to recommend the proposals. The five-union joint negotiating committee decided unanimously to recommend acceptance and the shop stewards agreed to do so by a majority.

MPs query cost of DTI advertising initiative

By Peter Riddell

CALLS BY several MPs for an investigation into the sharp rise in the Department of Trade and Industry's spending on advertising its initiatives will be considered today by the main parliamentary watchdog committee.

The cross-party Public Accounts Committee of MPs, which monitors spending on behalf of the Commons, is due to meet to consider its programmes and inquiries on its behalf by the National Audit Office.

There has been growing criticism at Westminster after the disclosure that the DTI's budget on advertising and promotion in the current financial year has risen to more than £13m, equivalent to the total spent in the previous five years combined.

This increase reflects the approach taken by Lord Young, the Trade and Industry Secretary, who believes such promotion is necessary to sell Government schemes to business.

The main items of spending on advertising have been £6.3m between mid-January and now for phase one of the DTI enterprise initiative and £5m for the first phase of the campaign to increase awareness of the single European market in 1992.

Philip Bassett reviews the crucial decisions that may split UK unions

TUC credibility feels the strain

THE TUC General Council, the union umbrella organisation, today faces its most momentous decisions in years: what to do about the single-union deal reached by the AEU engineering union with Ford of America over its now-abandoned plant at Dundee, and whether to suspend the EETPU electricians' union over its role in the 1986-87 News International Wapping dispute.

Both issues are potentially calamitous for the TUC, and although talk of a split TUC is probably premature, there is little doubt that the public credibility of trade unions in Britain is at stake.

Leaders of the EETPU all but expect the union to be suspended for three months for breaching the TUC's directives against recruiting Wapping employees into membership. If it is, the union may pull out for longer, allowing it to ballot on full withdrawal, and may come under pressure to start trying to carve up other unions' memberships.

Even so, few union leaders yesterday were second-guessing the outcome of the EETPU vote in the shell-shocked atmosphere created by Ford's withdrawal from the Dundee plant.

The general council looks likely to endorse by a larger majority the 11-10 recommendation reached early yesterday morning of its "inner cabinet", the finance and general purposes committee (F&GP), to back the AEU's deal as the only hope of persuading Ford to reconsider its decision on Dundee.

That line was strongly and repeatedly put by Mr Norman Willis, TUC general secretary, during the F&GP's 12-hour discussion about Ford and Dundee.

Following an impressive presentation by local councils, which argued that Dundee would find it difficult to forgive the unions' role if the town lost the plant, the committee looked at other matters, including the representation of the TGWU transport union on the TUC General Council.

At about 3.40pm on Monday afternoon, they got to the meat. Before them was a confidential TUC document, which said that Ford's announcement had produced for the unions "a public reaction of almost unprecedented intensity." The unions' "overriding objective" had to be to secure the jobs for Dundee.

Mr Willis went further. "At stake, of course, are the jobs at Dundee – but also at stake is the good name of the trade union movement. The finger of British public opinion is firmly pointed at us. We have been put in the dock and found guilty. Our standing has been severely damaged.

"To most people, a union row has lost the jobs at Dundee. We must be aware of that. Our understanding of the complexities of the detail cuts no ice. The only course which might lead the company to reconsider is if the AEU agreement is given a clear and uninterrupted run."

Referring to his trip to attempt to persuade Ford of America to keep Dundee, Mr Willis again put the position starkly to the committee: "The Ford unions have to consider whether they are prepared for me to go again to Detroit able to give the company the assurance that there will be no interference with or dislocation to the AEU agreement. It is as simple and nasty as that."

Taking with him members of the F&GP representing unions with members in Ford, Mr Willis then met leaders of the Ford unions. Mr Ron Todd, TGWU general secretary, said that other unions had no objection to a single-union deal for Dundee, or that the AEU should have it. But they could not accept the plant's employees being offered worse terms than those in Ford UK's plants, covered by the "Blue Book" agreements.

Both Mr Willis and the AEU told Mr Todd that it would not be worth going back to Ford on this basis; the only way was the AEU deal.

At about 6.30pm, the F&GP reconvened to hear a report of the argument on this point. Two hours later, Mr Willis had a second session with the Ford unions alone, and two ideas began to emerge: "ring-fencing" the AEU's Dundee – accepting it, but allowing it to go no further; and the possibility of moving the terms at the proposed plant towards some form of linkage with Blue Book arrangements.

TUC officials put together several drafts on this form of words, with Mr John Edmonds, general secretary of the GMB general union, looking hard for a compromise. But it became clear that no such grey area existed between the wages line being propounded by the TGWU and the MSF general technical union, and the AEU-Ford line about what the company would accept.

Just before midnight, the F&GP reconvened again. The TUC was trying to insist that the F&GP's recommendation would be binding on all TUC unions, but after a search through the TUC's rules, this was rejected.

Mr Willis' motion to back the AEU deal was then put forward. He did not vote, and it was carried by 11 votes to 10.

All that was left then was for the TUC and the AEU to tell a largely unimpressed Ford of the decision, and for the public beating for the unions over Dundee to start again. But ringing in the committee members' ears was the rider in Mr Willis' original speech, urging unions to accept quickly the proposals on regulating single-union agreements the TUC was now suggesting,

Senior executives of the Ford Motor Company in Detriot were yesterday considering their response to the TUC's move to ensure that a single-union agreement at the proposed Dundee plant is not opposed by other motor industry unions.

It is understood that executives of Ford's electrical and electronics division, which planned the plant, held lengthy meetings yesterday. The company said before the meetings that it would meet the unions in the wake of the TUC's move. However, it said it would not reconsider its decision to cancel plans to build the plant.

Norman Willis: tough talking

Telecom body ruling heralds US move on satellite link-up

BY DAVID THOMAS

PAN AMERICAN Satellite, the US group, plans to introduce the first private transatlantic telecommunications satellite services in July. This follows a ruling yesterday by the UK's telecommunications regulatory body that British Telecom cannot boycott the group's operations.

PanAmSat is already backed by the US telecommunications authorities to run a transatlantic satellite service, which has hitherto been the monopoly of the publicly-controlled Intelsat consortium.

Mr Fred Landman, PanAmSat president, said yesterday his company intended to offer business customers private voice and data services over its satellite, which is scheduled for launch in May on one of the European space consortium's Ariane rockets.

He said that many potential customers had already expressed interest in his company's services which he said would be more flexible and cheaper than BT's.

The ruling by the Office of Telecommunications (Oftel) follows a Government decision last month to license up to six new operators offering specialised satellite services to specific user groups. Together they represent a considerable injection of competition into UK satellite communications.

PanAmSat has already applied for one of the licences, which will allow satellite transmission from a single source to a number of subscribers.

Oftel became involved after PanAmSat complained that both BT and Cable and Wireless, rival British communications companies, had refused to connect their networks with its planned satellite.

PanAmSat in retaliation asked the US authorities to block the expansion of Cable and Wireless in the US. Mr Landman said yesterday it would now almost certainly drop this request.

Oftel said BT was obliged by the terms of its licence to link customers in the UK with a PanAmSat satellite and to carry messages in both directions. However, Oftel found there was no such obligation on Mercury, the Cable and Wireless subsidiary which runs a rival network to BT.

Although Oftel ruled that BT had not broken its licence because it had not yet been approached by PanAmSat customers, the regulatory body stressed that BT would have to link such customers to PanAmSat's customers and identified several ways in which this would be technically possible.

PanAmSat also intends to transmit television programmes between Europe, the US and Latin America. The company, formed in 1984, is owned by Mr Rene Anselmo, who built up a fortune through ownership of television channels in the US.

Big P&O profit rise angers union leaders

BY KEVIN BROWN AND JIMMY BURNS

PENINSULAR and Oriental Steam Navigation yesterday announced pre-tax profits up more than £100m to £282m, only hours before going to arbitration talks with union leaders on its demand for substantial cost savings on ferries operating out of Dover, the south coast port.

The National Union of Seamen said it was "incensed" by P&O's results, which it claimed proved the company could afford to compromise.

But Sir Jeffrey Sterling, P&O chairman, said: "We were obviously not going to change the date of our results to suit the negotiations."

P&O is seeking a cut from 3.5 to 2.5 crews on each of 11 ships operating from Dover, although the company has indicated that it might compromise on three crews per ship. The company's 2,000 Dover-based seafarers have been on strike for seven weeks.

The two sides met at the offices of the Government-run Arbitration and Conciliation service at 2pm yesterday afternoon, but talks were adjourned late last night without much progress.

The NUS said it had told Acas it was prepared to accept redundancies at loss-making companies, but P&O's results confirmed that "this is not a cost-saving exercise but a profit-expansion exercise."

The union's hand was strengthened by a meeting of the 2,000 Dover-based P&O workers who voted to continue the strike.

UK NEWS

BBC and ITN refuse to hand over Ulster film

BY RAYMOND SNODDY

BOTH the BBC and Independent Television News were adamant yesterday that they would not hand over untransmitted film of recent violence in Northern Ireland unless forced to do so by the courts.

The BBC came under increasing criticism yesterday from Conservative Party back benchers and Unionist politicians for refusing a request from the Royal Ulster Constabulary to hand over untransmitted film of last Saturday's violence in West Belfast in which two British soldiers died.

Mr Michael Checkland, director general of the BBC, said yesterday: "If we allowed automatic free access to untransmitted material then the next victims of such events could be our own staff – cameramen, reporters or sound recordists."

The BBC director general said the result of handing over untransmitted material could lose broadcasters the right to report what was happening in Northern Ireland and to point out the scale of the problem there.

Mr Marmaduke Hussey, chairman of the BBC, also made it clear yesterday that he believed that the lives of BBC cameramen, who are based and live in Northern Ireland, would be in danger if untransmitted material were handed over to the police to help with identification of suspects. This, the BBC chairman said, would not happen unless the RUC applied for and won a subpoena order from the courts.

Independent Television News said yesterday it supported the same principle, although in this case the organisation says it has already transmitted all the material which its cameracrews shot on Saturday's incidents.

Apart from the threat to the lives of cameramen, broadcasting organisations are concerned that handing over such material would lead to the creation of "no-go" areas for news gathering in the province.

Mr Robin Corbett, the opposition Labour Party's spokesman on broadcasting said that if the RUC wanted to see untransmitted material they should apply to the courts for permission to see it. "But for the bravery of BBC and ITN camera crews Saturday's savagery would have been hidden from the world, which is what the terrorists would love," he said.

The RUC said yesterday no decision had been made to take court action to get access to untransmitted material. The RUC already had all the ITN's transmitted material because it routinely recorded all news bulletins.

The RUC said yesterday, however, that it believed "anyone with information has a duty, and in this case a moral duty to provide us with any information they have."

Apart from the material already broadcast the RUC also has film shot from an Army helicopter hovering over the scene.

Critical report on airport food is in poor taste, caterers reply

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

BAA, formerly the British Airports Authority, was urged yesterday to allow more catering competition at London's Heathrow Airport after a highly critical report on the standard of food.

Mr Egon Ronay, president of the British Gastronomic Academy, carried out a secret survey of catering at all four Heathrow terminals last month. He described the level of catering as "a fiasco" and called on BAA to sack the present contract caterers.

The three contractors at Heathrow are Trusthouse Forte, SAS airline and Marriott, a US catering company.

The academy, a consumer pressure group of food experts, has written to Sir Norman Payne, chairman of BAA, arguing that "it cannot be in the national interest that the last taste of our country left on the palates of departing visitors should be provided by the present Heathrow caterers."

Mr Nigel Ryan, the academy's director, says in the letter to Sir Norman that the survey's findings "are nothing short of appalling." He urges the BAA to reassign the licences "to a broader spectrum of appropriately selected and properly supervised caterers and restauranteurs of quality."

Mr Ronay's criticisms included the claim that at one restaurant "most of the greatly deteriorated food we tried was fit only for the dustbin." He added that the pastries were "quite appalling." At another restaurant there were "dried and curled up potatoes, obviously long kept."

BAA said yesterday that it had not seen the report and so could not comment.

THF said it could not comment until the company had seen the report. "This is the first we have heard of it, but we would rigorously defend our outlets at the airport and the high standards maintained," it said.

Mr John Robbins, of Trusthouse Forte, said: "We find the report extraordinary and pretentious, especially in its use of sensationally emotive language. We do not think it has any substance. The millions who pass through Heathrow are not seeking a gastronomic experience. They want good, wholesome meals and refreshment quickly served in clean and comfortable surroundings. They want a good selection and value for money. That is what we think we give them."

Halpern says no Guinness link

BY NIKKI TAIT

SIR RALPH HALPERN, chairman and chief executive of Burtons, the retail group, yesterday made clear the company had no involvement in the bids by drinks group Guinness for Bells and Distillers. However, he was unable to say whether the inquiry by the Department of Trade and Industry under section 447 of the Companies Act at Burton itself was complete.

Transcripts of interviews given by Mr Tony Parnes, the former stockbroker, to DTI inspectors investigating the Guinness affair, suggested that the inspectors were interested in any potential role which either Burton or Sir Ralph might have played in the two Guinness takeover battles.

Yesterday, however, Sir Ralph were categorical: "There was no involvement in the Guinness bids for either Bells or Distillers," he said. Sir Ralph, who was speaking as the company unveiled its interim profits, added: "Neither the company nor I have had any dealings with Mr Parnes."

In the transcripts, Mr Parnes denies any contact with Sir Ralph over the Bells and Distillers takeovers and says that he was unaware of any other communication with Burton over the purchase or sale of shares in Guinness/Bells/Distillers during the bid battles.

The position of the DTI inquiry at Burton itself, however, remains unclear. Burton first confirmed that it had been asked to supply the DTI with information concerning acquisitions and disposals made during the past three years under section 447 of the Companies Act, at its annual meeting in January. Yesterday, Sir Ralph said he could only repeat what had been said then - that information had been asked for and given, and that the company believed its past conduct to havebeen proper.

IN BRIEF

Probes into customs and VAT frauds fall slightly

THE number of investigations into drug smuggling and customs and value added tax (VAT) fraud completed each year fell slightly between 1983 and 1987, despite a near 20 per cent increase in the number of investigators to 1,018, writes Richard Waters.

But this does not indicate that HM Customs & Excise's investigation divisions are operating less effectively, said the National Audit Office, which reported the figures. The decline was caused by more emphasis on drug-related cases, which absorb more resources, it said.

Launch of videobooks

Mr Richard Branson's Virgin Group has launched a new range of "Videobooks" which the company claimed would revolutionise the retail video market.

The range of practical videos on subjects such as home buying, childcare and gardening, are combined with information cards.

Virgin believes that the video sales market is now worth £100m a year and that "how to" videos will grow faster than either music or films. The 10 new videos will sell for £11.99 and are sponsored by leading specialist organisations.

Grading Welsh hotels

Hotels in Wales are to be graded according to quality under a scheme similar to that in operation in Scotland.

The plan will be undertaken by the Wales Tourist Board and will complement the crown classification scheme which grades accommodation according to facilities.

Premier plans flotation

Premier Brands, the company formed from the £97m management buyout of Cadbury Schweppes' beverages and foods division in 1986, plans a public flotation next year.

Mr Paul Judge, chairman, said that the development of the business had enabled flotation plans to be brought forward from 1990. The first year's trading profit of £16.6m had been 150 per cent up on the 1985 figures, and results for 1987 are expected to show further improvement. Profit for the first half of 1987 was £10.7m

SEVENTH TO FACE GUINNESS CHARGES

Warrant issued for US attorney Ward

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE CRIMINAL investigation department of the Metropolitain police yesterday confirmed that a warrant had been issued for the arrest of Mr Tom Ward, a US attorney and former director of Guinness, the UK drinks group.

Mr Ward, a senior partner in the Washington law firm of Ward, Lazarus, Grow & Cihlar, was a key figure in aspects of the Guinness affair being investigated by the Metropolitan and City of London fraud squad.

As Mr Ward is in the US, the next step will be an application to Bow Street magistrates court for a warrant for his extradition. Neither the police nor the Crown Prosecution Service would say what charges would be brought against Mr Ward nor when the extradition process would be set in motion.

Given the strict rules relating to extraditable offences Mr Ward will probably be charged with offences under the Theft Act rather than any of the other types of offence alleged against others so far charged in the Guinness affair.

The charges can be expected to relate to £5.2m paid by Guinness to Mr Ward through a Jersey company, Marketing and Acquisition Consultants. Mr Ward has claimed that the money was a legitimate payment for his "valuable services" to Guinness during the company's takeover battle for Distillers. Guinness now contends he had no right to the money.

The £5.2m was part of £25m said to have been involved in an illegal share support operation mounted by Guinness in connection with its takeover bid for Distillers. It passed through a number of banks in Jersey and Switzerland before ending up in the US.

In evidence in Guinness's recent High Court action against the City Takeover Panel, in which judgment is due next Tuesday, Mr Sean Dowling, a Guinness director, said, in connection with the £5.2m, that "a false trail was laid by Ward" involving "over 300 transactions" which "took accountants to investigate."

Guinness's contention that the £5.2m rightfully belongs to it has been upheld by the High Court in civil proceedings by the company against Mr Ward and Mr Ernest Saunders, the former chairman and chief executive of Guinness, who was alleged to have authorised the payment to Mr Ward.

In a judgment last July – to be challenged by Mr Ward next month in the Court of Appeal – Sir Nicolas Browne-Wilkinson, the Vice-Chancellor – the senior judge of the High Court Chancery Division – held that the money had always been Guinness's property.

The payment, Sir Nicolas said, had not been disclosed to the full Guinness board as required by the company's articles and the Companies Act.

The judge ordered the immediate transfer to Guinness of the unspent balance of the £5.2m, together with Mr Ward's rights in a loan and an investment made out of the £5.2m and his right to recover $4.7m of the £5.2m paid in US taxes.

Mr Ward is the seventh person to face criminal charges in the Guinness affair.

Kieran Cooke ventures out on patrol with a proud and wary British regiment in Ireland

UDR: dodging bombs, social wrath

BY KIERAN COOKE IN BELFAST

"IT'S THE culverts you have to watch. The IRA stuff them with explosives. If we hit a little lot like that we'll all be flying."

Two heavily armed Land Rovers drive at speed down the twisting country roads of County Down. Beneath the jocular bravado there is a a keen awareness of danger. It is 9pm and soldiers of the 3rd Battalion of the Ulster Defence Regiment are setting out on their night patrol.

The UDR, founded in 1970 and, apart from the most senior officers, composed entirely of people living in Ulster, is the youngest regiment in the British Army. It is also the largest, with 6,500 soldiers, 55 per cent of them part time.

To date 172 UDR members have been killed, five of them this year. The UDR is now responsible for 85 per cent of army duties in Northern Ireland. Many soldiers, particularly in the Belfast area, are on duty for more than 100 hours a week.

This patrol is on vehicle checkpoint or, in army language, VCP duties. Every 24 hours in Northern Ireland, between 3,000 and 4,000 VCPs are mounted.

The two Land Rovers, lights flashing, stop at spaced intervals along the road. It is bitterly cold. Two soldiers climb down into nearby ditches, ready to open fire or pull a spiked chain across the road if anyone refuses to stop. Radio checks are made on vehicles that look suspicious. The patrol moves on after about 15 minutes: any longer and it could be targetted.

The soldiers have feelings of civic duty which might, to the cynical, seem to belong to another era. "I joined because I didn't want to see my community destroyed," said one soldier. "I had my best friend killed on a patrol like this. It was time to do my bit . . . and keep Ulster British," said the corporal in charge.

The UDR is overwhelmingly Protestant: only 3 per cent of its members are Catholics. It is distrusted across a wide section of the nationalist community. In some areas it is hated. The mainly Catholic Social Democratic and Labour Party has said the UDR should be disbanded.

The Irish Government has made clear it is unhappy with some aspects of the UDR's relations with the nationalist community. Some UDR personnel have been involved in sectarian attacks. Sixteen of its members have been convicted of murder.

The top echelon of the UDR is made up of officers seconded from the British Army.

The present commander, Brigadier Michael Bray, strongly rejects the charge that the UDR only represents one side of the community. "These soldiers are not anti-Catholic but anti-IRA," says Brigadier Bray.

In the early 1970s, 20 per cent of the UDR were Catholics: the Brigadier says the IRA has intimidated or killed those Catholics serving in the regiment. Now it is very difficult to find nationalist recruits.

The Brigadier says the IRA are fearful of the regiment because the soldiers have vital knowledge of local people and conditions. The UDR is a favourite IRA target.

The majority of attacks come when soldiers are off duty. Part timers, who receive only £21 for each night's duty, are particularly vulnerable. Postmen, bank managers or machinists who serve with the UDR present "soft targets."

Soldiers make every effort to keep their UDR membership secret. But this is often impossible in the tightly knit communities of Northern Ireland. "I always tell people I'm a long distance lorry driver. My kids are taught never to mention I'm in the army," said one soldier.

"The way you have to keep telling lies to even your best friends gets you down," said another part timer, who during the day teaches music at a local school.

Many joined the UDR because their fathers or brothers served either in the regiment or in the old "B Specials," the special police squad which was disbanded in the late 1960s in the face of Government criticism of its activities.

Others have joined for economic reasons. A full time soldier earns £500 per month.

Every UDR member quickly learns to look under the car every morning, to check before answering the door, to note any strange face in the neighbourhood. Off-duty UDR members never go out in groups. They very carefully select bars and restaurants they visit. "The precautions and the awareness just become second nature after a time," says a housewife who is a Captain in the 'Green Finches' - the women's contingent in the UDR.

Each member seems to have had a friend killed or wounded by the IRA. Attacks are often elaborately prepared. In one incident, the IRA targetted a postman, a part timer in the UDR. First the IRA took over an the cottage of an elderly woman. Then it posted her a parcel. When the postman made the delivery, he was shot dead.

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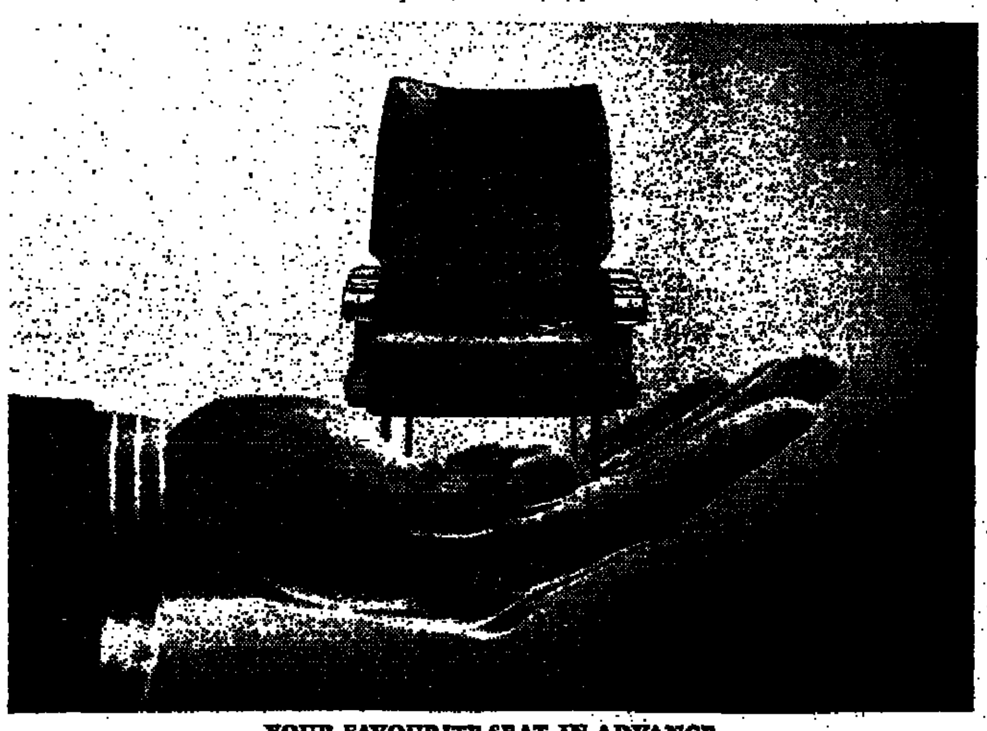

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Is LRT buying fare reliability?

Paul Abrahams examines London Underground's choice of ticket system

GREY WOODEN boxes have been springing up at the exits of stations on the London Underground. When dismantled they will reveal part of a £160m modern automatic ticketing system being installed over the next nine months. But the experience of other underground networks using forerunners of this system calls into question whether it will bring the kind of reliability benefits being sought by London Regional Transport (LRT).

Should this be the case, LRT, which runs London's underground, could face considerable problems.

Ken Williams, ticket systems development manager of British Rail and the man responsible for installing automatic ticket machines for BR's Network Southeast, explains the dangers: "Benefits from vending systems are only achieved if the machines work effectively. The public will quite simply not use them if they are perceived to be unreliable."

"The crunch will come on the second Monday in January 1989, when the last non-magnetic seasons tickets run out, and LRT can dispense with manual ticket collectors," says Richard Hope, editor of Railway Gazette International.

"Once commuters have to pass their season tickets through the new machines, the cards will take quite a battering. They have to be used twice each journey – that makes four times a day for each commuter, 20 times a week, over 1,000 times a year. It's all very well for tickets to withstand that in a laboratory. Reality is rather different," he says.

LRT has been under pressure to replace its well known and unpopular blue ticket dispensers, designed in the 1930s and prone to grab money without supplying a ticket or failing to deliver the required change.

It has chosen Westinghouse Cubic, a consortium owned by Hawker Siddeley of the UK and Cubic Corporation of the US, to supply replacement equipment. The new vending machines have been installed in 100 of the 248 stations in the underground network. By the end of the year every station should have received its new ticket system.

The kind of benefits being sought by LRT are:

●A reduction in queueing during rush hours. The number of journeys on the underground has increased 54 per cent from 498m in 1982 to a current 769m a year. This has made it difficult for staff to distribute and collect tickets quickly enough. The new system should allow passengers to avoid annoying delays.

●Cost benefits. The company claims that eventually there will be a net saving of some 900 staff, equivalent to some £10m a year.

●A reduction in internal and passenger fraud. Over the last five years estimates of the cost of fraud have ranged from £20m to £70m a year. Internal fraud has proved difficult to quantify, but a system known as "pineapple juice", in which unmarked yellow tickets are taken in by ticket collectors and then resold to the public without being accounted for, has in the past allowed some employees to make up to £200 a week.

Plans could save £10m a year and put a stop to 'pineapple juice'

However, the experience of Cubic ticketing systems in operation in other parts of the world indicates that there could be at least early difficulties for LRT's new equipment.

When the Washington metropolitan area transit authority installed a system manufactured by Cubic Western Data, a subsidiary of Cubic Corporation, in its Metrorail underground system in 1976, reliability immediately posed problems. On average, machines failed once in every 600 operations.

"It took us a good part of the first decade to get used to the system," says Beverly Silverberg, director of public affairs at Metrorail.

"Fare-cards tended to jam, dollar bills were regularly being refused, gates had a tendency to reject valid fare-cards, and the whole system was heat sensitive. It may have been state-of-the-art, but it left a lot to be desired. By the early 1980s we were looking seriously at other alternatives," she adds.

The Washington system is now running much more efficiently – 98.6 per cent of gates are available during morning and evening rush hours and the vending machines jam on average once every 10,000 operations.

In Hong Kong, the introduction of another Cubic Western Data system in 1979 for the Mass Transit Railway Corporation (MTRC) was also not without its difficulties. David Barraclough, director of operations at MTRC says that the first couple of weeks after opening were harrowing and that the average rate of operations between failures was "not up to scratch."

He nevertheless argues that at that time the system was the most modern and ambitious in existance and it was hardly surprising that there were early problems. Many of these were caused by user unfamiliarity and the unexpected difficulties in keeping the reading heads on the exit gates clean from dirt.

Another problem in Hong Kong was what Barraclough calls an unacceptable level of errors in the magnetic coding on tickets. The Corporation discovered that 73 per cent of people going to pay excess fares had had the coding on their tickets removed. Almost all of these were women whose tickets had been wiped by the magnetic clasps on their handbags.

When a third underground line was constructed in Hong Kong in 1986 the Corporation chose a French ticketing system from Compagnie Générale d'Automatisme, rather than Cubic equipment. Barraclough insists that the decision not to give the contract to Cubic was based on price rather than reliability.

But another indicator of possible problems for LRT is a series of trials of ticketing systems conducted by BR's Network Southeast. After the tests, it chose a Swiss system by Autelca in preference to those offered by Westinghouse Cubic, Thorn EMI and the French company Creuzot.

In the tests, the Autelca system proved 14 times more reliable than the worst system. The machine offered by Westinghouse Cubic was not the least reliable. But BR says that it was close to being so.

Ken Williams at BR says: "When we chose our system, we looked at the experience of the company, delivery dates, reliability and costs. Although the Swiss system was not the cheapest, the maintenance costs were lower because the company's machines broke down less often. Over a seven year period, our aims in terms of use should be achieved, and it will have cost less than the other systems."

Westinghouse Cubic argues that the trials were not on an equal basis. The specifications given by BR were the same as an Autelca machine that was in production and had already been installed by Network Southeast. Westinghouse Cubic suggests that a trial between a single prototype and a production machine was unreasonable.

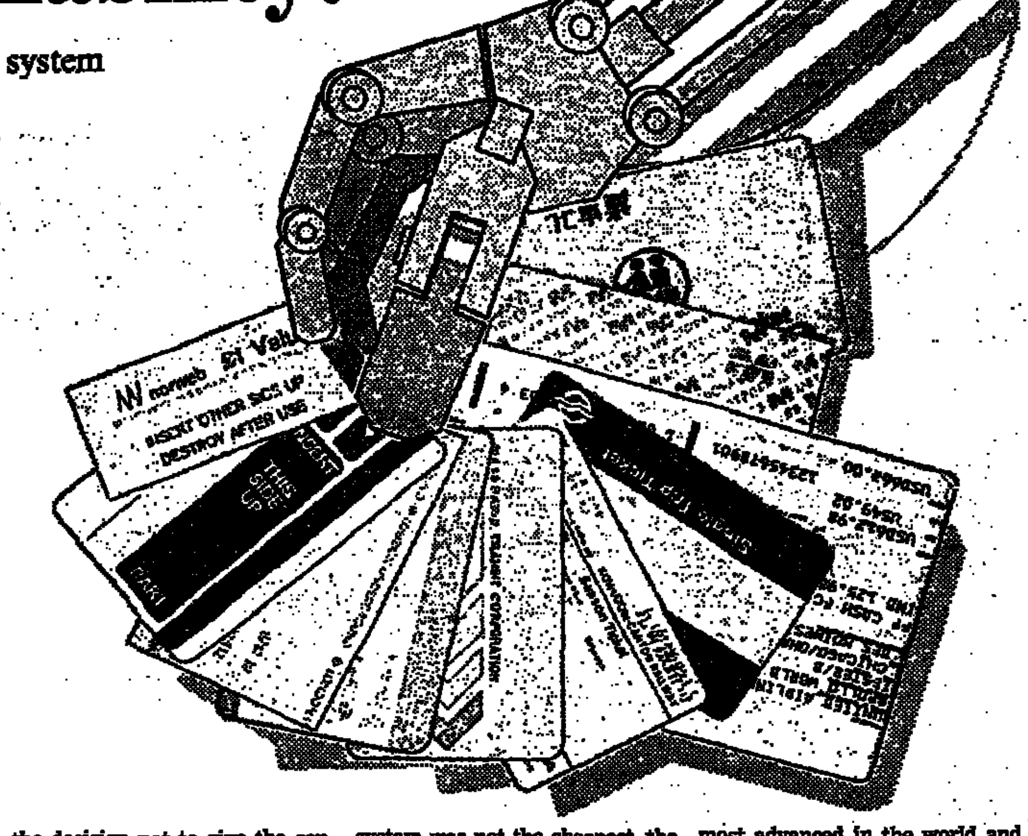
It believes that LRT will benefit from Cubic's learning process in the US and Far East, arguing that the technology being installed in London is now the most advanced in the world and that reliability targets set by LRT are being regularly met.

Westinghouse Cubic is responsible for initial maintenance and is liable to penalties if the specification target of a mean cycle between failures of one in 25,000 transactions is not met. The company is also liable if faults are not repaired speedily. So far no penalties have been invoked.

"Westinghouse Cubic gave us what we wanted," says Doug Allaway, tickets and revenue manager (operations) at LRT. "The London Underground is a large and diverse network with particular needs which Westinghouse was able to meet – it was as simple as that."

Allaway argues that reliability was not a factor that swung the decision – the competing bids from the consortiums of ICL/Compagnie Générale d'Automatisme, and Plessey/Marubeni offered much the same figures. Autelca does not produce the gates needed for closed systems and did not bid for the contract.

Unlike Allaway, Richard Hope, editor of Railway Gazette International, believes reliability will have an important role to play. "By far the greatest test will be public acceptance. If the public believes the system is reliable and accepts the machines LRT can dispense with ticket collectors and the system will be seen as a success."



Putting paid to the money grabbers

THE TICKET vending machines available to underground transport system have come a long way from the blue boxes introduced in London during the 1930s. In the last ten years, progress has been rapid.

●Systems can be fully and effectively computerised and the mini computers on early automated machines, which tended to be large and generate considerable heat, have been replaced by micro processors.

●The Westinghouse Cubic system will monitor a network of 900 self-service ticket machines, 500 machines in ticket offices and 861 automatic passenger gates. It will then, through a central computer in Baker Street, provide information about ticket sales and passenger flow as they occur.

●Cash verification has moved on since early optical scanners were generous enough to accept photocopies of notes. Present systems not only check the optical images of the note, but also its colour, size and shape. The money's ability to reflect and transmit light is also verified. Westinghouse Cubic estimates that its system will reject 90 per cent of forgeries, and accept 97 per cent of genuine notes. As for coins, electronic components mean that their is a higher degree of acceptance by the machines and channels can be wider so that bent coins can be rejected, rather than jamming the system.

●Printing systems for tickets are dot-matrix. Early mechanical machines were dependent upon rubber printing plates, of which four were needed for a single ticket.

WORTH WATCHING
Edited by Geoffrey Charlish

Financial advice goes on the record

SINGER ELECTRONICS of London has developed a £2,500 recording unit intended to help financial advisors maintain records of transactions, as required by the UK Financial Services Act, due to become law in April. The device can be connected to any outside or private exchange telephone line.

Singer's Financial Services Recorder (FSR) records the advisor's phone conversations along with a record of the number dialled and the time and date. The FSR is also connected to the advisor's workstation via a standard computer interface.

Thus, data obtained when the advisor consults his computer files, or an on-line information service, is also recorded. He will then be able to show he took the necessary steps to obtain relevant data.

In the event of a dispute, the advisor should be able to provide a full and clear record of all stages of a transaction. After April, financial service companies will have until October to implement the Act's requirements. Singer believes its FSR will speed matters, and pay for itself within six months.

Fair exchange of quality television

IN GERMANY, the Standard Elektrik Lorenz Research Centre (SEL), an Alcatel company, is developing a broadband (high data rate) telecoms exchange which will enable high quality television transmissions to be dealt with in much the same way as ordinary phone calls.

A first version of the exchange is about to be tested in Berlin in an ISDN (integrated services digital network) trial which will include SEL's wide-band 140 megabit per second approach. (Regular ISDN channels use 64 kilobits per second channels).

By compressing the video signals in a device called a codec (coder-decoder), normal 64 kilobit ISDN channels can be made to carry TV images. But these somewhat degraded pictures may not win public acceptance and SEL's approach will allow high quality video pictures to be transmitted and switched between subscribers. Only a relatively simple codec is required.

The broadband exchange – which is based on the System 12 exchange developed by ITT before its merger with Alcatel – is expected to be available before the end of this year.

Lighter load for the beer drinker

UNITED GLASS in the UK is producing beer bottles that are 20 per cent lighter in weight but are stronger than conventional designs. Guinness is the first UK user and the company expects significant benefits to its export business in terms of reduced freight charges.

United Glass has spent £4m on developing its new bottle manufacturing process, which resulted from collaboration with Owens Illinois and Heye Glas in the US.

Floppy discs flat out in an optical orbit

FLOPPY OPTICAL discs with a storage capacity 800 times greater than the familiar 5.25 inch magnetic variety could soon appear on the market following the development of a suitable drive by Bernoulli Optical Systems Corporation (BOSCO) of Boulder, Colorado.

Up to now, optical discs have had to be perfectly flat and rigid, which has meant they have been correspondingly expensive to manufacture.

BOSCO is working in conjunction with Imperial Chemical Industries (ICI) of the UK. ICI earlier this year launched Digital Paper, a flexible optical recording medium which is likely to be used in the manufacture of "floppy opticals".

In the BOSCO drive, the centrally supported floppy disc is spun under a specially formed fixed, rigid disc which houses the recording head.

The plate channels the air flow and increases its velocity, reducing the pressure above the disc and causing its outer parts to rise until, at a specific speed, the whole disc area is flat.

CONTACTS: Singer Electronics: London, 878 4031. Standard Elektrik Lorenz: Federal Republic of Germany: 711 8210. United Glass: UK, 0727 59261. ICI Electronics: UK, 0707 323400.

JAPANESE SECURITIES REGULATION

The trading floor of the Tokyo stock exchange

Fighting for the spoils of reform

JAPAN'S big banks and securities companies, having fought their way to the top of many world financial markets, are now turning on each other at home.

In a rapidly intensifying struggle, they are wrestling for bigger shares of Tokyo's vast securities business.

The hostilities have been caused by the worldwide trend to securitisation – the raising of funds by stock or bond issues instead of traditional bank loans. In Europe, banks have already responded to this change, notably by expanding their merchant banking divisions and by buying securities companies.

In Japan, as in the US, banks have been prevented from advancing into securities by a legal barrier which has kept banks and stockbrokers from treading on each other's territory. Debate over the reform of this legal barrier, Article 65 of the Securities and Exchange Act, has become the main financial issue in Japan. The arguments mirror the continuing discussion in the US over possible repeal of the Glass-Steagall Act, on which Article 65 is modelled. But in practice the breakdown of the old rules in Japan is becoming irreversible.

For example, the leading Japanese banks now have securities subsidiaries in London, New York and elsewhere (and some of those subsidiaries have set up unofficial representative offices in Tokyo). The banks have also been strengthening their links with second division securities companies in Tokyo. The big four Japanese securities companies, Nomura, Daiwa, Nikko and Yamaichi, have all acquired banking licences in London (with the tacit approval of the Japanese Ministry of Finance).

Meanwhile, new financial markets, which tend to combine aspects of banking and broking, are forcing the authorities to make compromises within the existing legal framework.

Points of confrontation between Japanese banks and securities companies are increasing rapidly. Particularly overseas, Japanese financial groups are showing a fiercely competitive obsession with market share.

In Japan, the big four securities companies have extensive retail networks and have acquired enormous financial muscle. Last year, Nomura overtook Toyota Motor as the most profitable company in Japan. Last month it raised Y170bn (£723m) for further expansion. If anything, the banks look the weaker competitors, burdened with low profitability and bloated loan books.

Japanese banks' return on assets was always relatively low, but it is now only between 0.4 and 0.6 per cent, against more than 1 per cent for US and European banks.

Last year agreement among central banks on capital ratio levels put another burden on the Japanese banks, which will have to raise an estimated Y400bn-Y500bn each in new capital over the next five years to come up to the new standard. Thus, the bankers tend to see access to the securities markets as necessary for their survival.

The securities companies see things differently. They say that separation of banking and securities promotes competition between two channels of finance and reduces the risk of conflicts of interest. They also claim that the banks could become too powerful. Mr Koichi Kimura, a managing director of Daiwa Securities, is worried that fully deregulated banks might become universal institutions and swamp the competition. "Some people fear that if the big banks get control it will be like West Germany," he says.

Both sides are already competing with each other abroad and increasingly at home. In London, where they face few restrictions, Japanese banks have forged ahead. Industrial Bank of Japan's London securities subsidiary was last year the eleventh largest lead manager in the Eurobond market. Excluding Japanese corporate bonds (which IBJ is not allowed to lead manage), IBJ was third Japanese institution in the market, behind Daiwa and Nomura.

In New York, banks tread carefully for fear of upsetting US regulators. Sumitomo Bank nevertheless ran into trouble with the authorities over the $500m stake it took last year in Goldman Sachs, the US investment house. It has been banned from sending staff to Goldman for training. Long-Term Credit Bank has had more success with Aubrey G. Lanston, a primary dealer in the US bond market which it acquired last year. The bank has won permission for Lanston to open an office in Tokyo.

The breakdown of old rules is becoming irreversible

Meanwhile in Tokyo, most leading banks have links with medium-size Japanese securities companies. Holdings in such affiliates are limited to 5 per cent, but the banks can transfer staff to the securities companies. At Dai-Ichi Securities, for instance, the chairman and president came from Long-Term Credit Bank.

Banks are supposed to keep relations at arm's length. But they are increasingly favouring their affiliates. Last year, for example, Sanwa Bank gave 17 per cent of the underwriting for a share issue to its affiliate Towa Securities, a percentage many times larger than Towa's normal market share.

For the moment at least, the authorities insist banks keep such deals to a minimum. So the real extent of the banks' desire to challenge the brokers only became apparent with the opening in November of the commercial paper market – the first time the two sides could compete at home on equal terms. Interest rates were driven so low by competing underwriters that issuers could put the proceeds in a deposit account and make a profit. A similar fight can be expected when Japan's first full-scale futures and options markets open later this year.

The Japanese Ministry of Finance has carefully avoided infringing Article 65 by tortuously defining separate fields for banks and brokers. But there is enough overlap – in interest-rate and currency instruments, for example – for genuine competition between the two sides.

Longer term, the key to the battle remains the status of Article 65. The Finance Ministry says the outcome is undecided, but evidence is gathering that reform is on the way.

In the US, Glass-Steagall is under review because of an abolition bill presented by Senators William Proxmire and Jack Garn. US thinking has a powerful influence on Japan, where the financial laws were mostly framed during the post-war American occupation. An advisory committee to Japan's Finance Minister, in a report critical of the separation of securities and banking business, says: "The Glass-Steagall Act . . . was established in the light of the critical condition of financial institutions at the time of the great panic in the 1930s. It is a big question whether the conditions at the time of the establishment of this act are still meaningful today."

The Big Four securities companies, especially Nomura, have been striving to catch up with the banks in political clout. But the banks still carry great weight with their chains of contacts throughout Japanese industry and the civil service. Article 65 will not necessarily be abolished, but reforms could mean that it will no longer matter.

In the market place, it is already clear that some securities companies will be under pressure if the banks get their way.

Japan has more than 200 registered stockbrokers, many of them small retail operations. A senior official of the Finance Ministry's securities bureau says he is most concerned about the medium-size companies which compete for institutional business. Those linked to banks will presumably be safe, but a few independents might face difficulties.

Mergers might be on the way. For example, Fuji Bank, which is linked with Daito Securities, has recently increased its holdings in Hiraoka Securities from 5 per cent to 15 per cent (these shares are spread through companies in the Fuji group so as not to infringe the 5 per cent rule).

Not all the banks are in a position to take advantage of deregulation in securities. Bank of Tokyo, Japan's leading foreign exchange bank, for example, lacks a strong domestic branch network. Strong regional banks, with local deposit bases, are well placed. But medium-size banks in Tokyo could be under pressure through competition from city banks.

The securities companies may have the initial advantage – defending immensely strong positions in the equity markets. But the banks have been preparing their assault for a long time.

Stefan Wagstyl

Why it still pays executives to work abroad

BY MICHAEL DIXON

TO JUDGE by some accounts of the tax concessions announced in last week's United Kingdom Budget, the British Isles may soon sink under an influx of income-maximising executives from abroad. But I doubt that those of us who live in the UK need take to the boats quite yet.

The reason lies in the table alongside, which is compiled from a survey made last autumn of the pay and perks of British executives working overseas. The findings have just been published by the P-E Inbucon management consultancy, and anyone wanting full information on them should should contact the consultancy's Tom Raftery at Park House, Wick Road, Egham, Surrey TW20 0HW; telephone 0784 34411, telex 933783 Pecg G.

Country of residence	Net pay £	Buying power £	Accommodation Free	Accommodation Aided	Costs of utilities	Company car	Domestic staff	Club fees	Help with education	Medical insurance
			% of expatriate executives in each country whose fringe benefits included:							
China	54,901	78,768	100	-	71	6	6	35	100	100
Argentina	34,051	76,348	30	70	-	48	4	78	100	87
Egypt	42,359	72,657	78	22	59	34	16	31	100	100
Qatar	53,734	69,904	100	-	83	29	29	38	100	58
Saudi Arabia	46,296	54,723	96	4	82	73	18	16	91	80
India	36,873	53,987	100	-	77	85	77	54	92	77
Singapore	45,323	52,336	85	15	55	60	29	55	89	83
Oman	43,796	52,078	100	-	73	55	15	27	97	70
Thailand	39,792	51,611	77	23	64	50	14	41	95	77
Botswana	35,960	49,059	93	7	73	47	38	33	93	80
Bahrain	42,927	48,505	100	-	89	56	31	56	100	92
Swaziland*	30,109	48,465	-	100	44	67	44	44	100	100
Nigeria	34,759	47,746	70	30	85	88	61	76	82	79
Hong Kong	38,071	47,118	91	8	65	56	19	55	88	82
Zimbabwe	31,664	46,910	80	20	60	90	60	35	75	80
Indonesia	34,736	46,751	93	7	72	60	32	53	82	74
Abu Dhabi	42,515	45,715	98	2	78	44	17	22	93	83
Malaysia	34,760	44,507	73	25	54	60	23	44	81	77
Mexico	26,366	44,313	71	29	19	76	5	62	100	81
Papua N.G.	36,636	43,268	42	58	42	47	5	37	100	79

*Small sample

For whereas my figures are confined to 20 territories, P-E Inbucon's report spans 51. What is more, the full survey gives information on up to five ranks of expatriates as measured by the gross salary they would typically have in their homeland: £12,000, £15,000, £18,000, £22,000, £32,000, and £42,000. But my table refers to only one - someone married with two dependent children, who in the UK would gross £32,000.

That in itself serves to expose some of the ballyhoo there has been raised about the riches the Budget's cuts in income tax will lavish on people hazily described as "executives".

In Britain as a whole, £32,000 is still above the average gross salary for executive work. As things stand before the tax changes take effect, the resulting net pay for someone married with two children in the UK would typically be £21,760. Mr Raftery says the Budget's concessions will raise that "take-home" pay to just £23,506.

Even when the survey was made on October 1 last year, the new UK take-home figure was exceeded by the average net pay of similarly ranked Brits working in every one of the 20 countries in the list. And the material advantages of the overseas jobs were still greater in terms of purchasing power — which the consultancy calculates in line with the prices and foreign exchange rates prevailing in the various places last autumn.

Since the calculations are standardised on Britain, the purchasing power of executives there is taken to be the same as their net pay. So the £78,768 buying capbility of the person working in China compared with the stay-at-home counterpart's £21,760.

In most of the 51 territories surveyed, including even New York, the living expenses as estimated by P-E Inbucon were at least a little lower than in the UK. The two exceptions were Cameroon and Japan, where the costs were respectively higher by 28 and 81 per cent. As a result, although the Brits working in Japan did well for take-home pay - £75,450 average for the rank of executive referred to by the table - the purchasing power was dragged down to £41,685.

Even so, considering the fringe benefits that also go with jobs overseas, one thing seems clear. While the thoughts of British expatriates may be turning to home as April approaches, the Budget's concessions cannot be expected to bring many of them rushing back to work in their native land.

Germany

AS IT happens, headhunter Anthony Nevile is seeking to add to the executive-export trade — although not to any of the places covered by P-E Inbucon's survey, and for a stay abroad of only a year.

He is offering a marketing job which starts with a 12-month stint in Germany, where the recruit will be brand manager in charge of a mainstream product of an international fast-moving consumer-goods group. Being unable to name his client, Mr Nevile promises to abide by any applicant's request not to be identified to the employer at this stage. The same applies to the other recruiters to be mentioned later.

In addition to having at least two years experience in brand management work of similar kind, candidates should be top-notch linguists in German.

Earnings indicator is £30,000, with company car among the perks.

Inquiries to Anthony Nevile International, 31 Castle Street, Farnham, Surrey GU9 7JB; tel 0252 711311, telex 858902 Baron G.

At the same headhunting consultancy's Scottish branch, Graham Walker is looking for a marketing-minded technical director. The employer, however, is based the other side of the Border in the North-west.

The company has sales of £30m in specialised electronic systems incorporating infra-red widgetry and such. The newcomer will be responsible for providing broad technical guidance, as well as for leading about 150 design and development staff.

Applicants should have senior-level success in a comparable business, using computerised manufacturing, and a relevant paper qualification to boot.

Pay around £40,000, also with car among the other benefits.

Mr Walker's address is 69 Midton Rd, Ayr, Scotland KA7 2TW; tel 0292 287969, telex again 858902 Baron G.

Finance

LASTLY today to a batch of finance jobs offered through recruiter John Williams (43-45 St Mary's Rd, London W5 5RQ; tel 01-579 1082). Three — for a senior futures broker and two juniors of same ilk - are with a money-broker's City of London branch marketing to banks. Pay £30,000-£40,000 for the senior, £25,000-£30,000 for the others, all with cars and bonuses.

The remaining job is with a multinational company in the Thames Valley, which wants someone with money-market and foreign-exchange experience to develop the financing role of its UK and Continental subsidiaries.

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Résumés please, including a daytime telephone number to Torrance Smith, Ref: TS F809.

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Written applications complete with curriculum vitae giving details of education and experience should be sent to:

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c/o Gottesman Jones & Partners, Aldwych House,
Aldwych, London WC2B 4HN, (ref.TWH),
Telephone:(01) 242 8953

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Following the announcement that Templeton, Galbraith & Hansberger Ltd. is to establish a European headquarters and unit trust management operation in Edinburgh, applicants are sought for a number of vacancies. Positions are available in marketing, compliance and investment. The vacancies offer an opportunity to join a growing management team within a global company managing client funds in excess of £6,000 million.

Applicants should have a number of years of relevant experience and a demonstrable record of achievement in their field. European language skills would be an advantage. Rewards will be competitive and commensurate with experience and ability.

Please send a CV to Colin McLean, Managing Director, Templeton Unit Trust Management Ltd., 82 Great King Street, Edinburgh EH3 6QU.

Capital Markets Origination – North America

ANZ Merchant Bank is looking for a senior marketing executive to join our established Capital Markets Department in London. Reporting to the Head of New Issues, you will be responsible for spearheading the sales effort and business development of the Department's international origination activity within North America, as part of a planned major expansion in this geographical area.

You are accordingly likely to have at least two to three years' successful track record of marketing a wide range of international capital markets products to major US and Canadian borrowers/issuers in the financial, corporate and public sectors. Existing client contacts at a senior level within these sectors will therefore be essential.

Probably aged 28 to 35 and a financial or business graduate with good French language knowledge, you will be able to demonstrate both management qualities and a clear ability for innovative thinking and initiative. Enjoying regular travel to the USA and Canada from your London base, you will also have good interpersonal and communication skills and work well within a highly professional team environment.

A competitive remuneration package is offered, together with the usual banking benefits. Interested applicants should write, enclosing full career details, to Penelope Nickalls, Personnel Officer, ANZ Merchant Bank Limited, 65 Holborn Viaduct, London EC1A 2EU or telephone on (01) 489 0021.

ANZ Group

Energy Markets Reporter

Reuters, the world's leading news and information organisation, has a vacancy for a reporter with oil products or other relevant experience to join its London team of Energy Market journalists.

Enthusiasm and the ability to communicate effectively with a wide variety of oil industry sources are essential.

A knowledge of European languages will be a major asset.

Candidates should apply either by telephoning 01 353 7329 (24 hour answering service) for an application form, or sending a full curriculum vitae to Miss Angela Dean, Recruitment Executive,

REUTERS
85 Fleet Street
London EC4P 4AJ

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ASSET MANAGEMENT TEAMS WANTED

INTERNATIONALLY MANAGED ASSETS REQUIRED

to expand existing London division of Swiss parent bank. Present operation, backed by strong international research department, manages private client and small institutional business in discretionary and advisory capacity. Efficient back office is capable of handling additional volume. Please write to Box No. A0863.

BULLISH RECRUITMENT — THE BEAR FACTS

City redundancies are announced almost daily, but we at Jonathan Wren continue to advise clients on a substantial number of key financial recruitment assignments. Our formidable reputation and expertise have been developed, tried and tested over a period of nearly 20 years, and we have continued to maintain a high level of service through crises dating back to the Secondary Banking Crash of 1972-1973.

One effect of the current volatility in the City recruitment market is the increasing number of individuals who are unsettled, and who therefore 'could be tempted'. We are always delighted to discuss career potential in the context of current market conditions. Our team of recruitment professionals combines over 100 man-years' experience, and covers every specialist sector of the market.

This selection of current requirements is representative of the large number of senior vacancies which our clients wish us to fill. The bear fact is that we remain bullish about City recruitment.

EUROBOND SALES c£50,000

As a result of current expansion within its international capital markets area, a leading investment bank is seeking to appoint a very experienced eurobond sales professional. The ideal candidate will have gained at least three years' successful sales exposure with a major player, and will have developed a sound client base.
Contact Anne Fenwicke.

US FUND MANAGERS to £35,000

We have been retained by a number of clients to assist in the recruitment of a number of individuals with US equity fund management experience. Applicants will probably be graduates and will have spent at least two years' working in this market.
Contact Barbara Dabek.

SECURITIES SETTLEMENT ACCOUNTANT c£25,000 + benefits

A leading international investment bank seeks a high calibre individual to improve and maintain the quality of accounting information derived from the settlement department of its UK market-making and institutional broker dealing operation. The successful candidate will ideally hold professional qualifications and possess sound management qualifications, and good management accounting skills, combined with knowledge of Stock Exchange settlements and be keen to prove themselves in a challenging environment. Previous supervisory experience would be beneficial.
Contact Ann Winder or Jane Almond.

CHIEF DEALER (Designate) to £40,000

An expanding European bank in the West End is seeking a senior dealer, aged 35 to 45 years, with sound experience of spot/forward and deposits to set-up and run a new dealing room, together with the responsibility for hiring additional staff. The successful applicant will possibly be of chief dealer status and will relish the opportunity of a start-up situation.
Contact Trevor Williams.

COMPLIANCE OFFICER to £35,000

An excellent opportunity has arisen for a compliance officer to join a rapidly expanding international bank. Applicants should have direct experience in this field and be ACA qualified. The successful candidate will be responsible for supervising the department. An excellent benefits package is offered.
Contact Caroline Sheridan.

PROPERTY LENDING £25,000+

A City based merchant bank seeks an experienced property marketing officer for a management level position. Although working from a London base, the successful applicant will deal with the land acquisitions and financing of property projects throughout the UK. A banking and/or surveying background is required.
Contact Norma Given.

FIXED INTEREST ANALYST to £40,000

A major global investment bank is strengthening its fixed interest fund management capability in London. We are advising them in the recruitment of an analyst with substantial experience and a high order of demonstrable ability in this area.
Contact Barbara Dabek.

COMMODITY ACCOUNTANT £25,000

Our client, a major European metals trading house, has a requirement for a fully qualified ACA with at least two years' experience in metals accounting. The successful candidate will report directly to the Chief Accountant.
Contact Vanessa Nokes.

LOANS & CREDIT MANAGER c£25,000

An experienced manager with the ability to co-ordinate the loans administration and credit functions, and to advise management on the development of internal procedures, is sought for the City branch of a privately owned international bank.
Contact Michael Hutchings.

SPOT/FORWARD DEALERS £Negotiable

A major European bank is further expanding its successful foreign exchange team and is therefore seeking several experienced $/major European currency dealers. Very competitive salaries and benefits will be offered to attract high calibre candidates.
Contact Norma Given.

LONDON HONG KONG SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

A century and a half of growth has made *Legal & General* one of the great names in life and pensions, investment management, general insurance and financial services. The Group now comprises six business units with operations in Europe, North America and Australia.

ASSISTANT GROUP TREASURER

Neg. salary plus financial sector benefits and car.

City

As you can imagine, the range and complexity of financial policy issues facing the Group is greater than ever before, and it's in this atmosphere of challenge and increasing diversity that the appointment of Assistant Group Treasurer is being made.

The overall objective is to support and assist the Group Treasurer in developing and implementing the corporate treasury function, and handling the day-to-day treasury activities. There are, however, many additional responsibilities.

These will include researching the Group's funding opportunities, addressing currency and interest rate exposures, implementing effective cash flow forecasts and developing treasury information systems. You will also be instrumental in developing cash management systems and managing credit rating agency relationships.

The breadth and importance of these functions mean that you will be a numerate graduate with either an accountancy qualification or an MBA. You will have experience of the finance function gained either in industry, a financial institution or a bank and have recently spent 2-3 years in a treasury department.

Anyone currently earning less than £25,000 is unlikely to have the requisite knowledge or experience for this corporate-level post. The salary is negotiable and the full financial sector benefits will include a car.

For further details, please send a detailed c.v. to:
P.J. O'Sullivan, Personnel Manager (Group), Legal & General Group plc, Temple Court, 11 Queen Victoria Street, London EC4N 4TP.

Legal & General

A · WEALTH · OF · CHALLENGE · IN · TREASURY · MANAGEMENT

Manager, Central Credit Unit

City £ neg+full banking benefits

This well established International Bank with a rapidly expanding business in Corporate Banking, Capital Markets and Treasury, seeks to fill a challenging new position.

The ideal candidate will be aged 28-36, have a sound credit knowledge with some product banking experience, and will have demonstrated the ability to successfully lead a small team of staff. The Central Credit Unit will have responsibility for developing credit policy initiatives for the operation, and managing country risk exposure within the Bank's European operations.

The post offers an attractive salary together with a full range of banking benefits with excellent prospects for promotion and advancement in a variety of areas in the Bank.

Interested candidates should contact the retained consultants **Mark Hartshorne or Niall Macnaughton on 01-404 5751** or write to them at **Michael Page City, 39-41 Parker Street, London WC2B 5LH.**

MP
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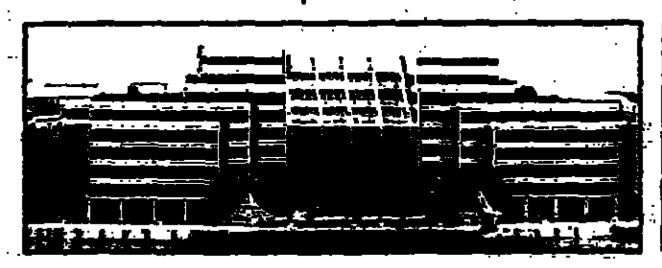
ASSET FINANCE SPECIALISTS

Leasing and Hire Purchase

CIBC is a major Canadian Bank with a *secure and well established reputation* in London. We are committed to furthering our activities here and encouraged by an extended period of growth, have recently formed a new Asset Based Finance Group. To develop our activities in this area we seek **Accomplished Asset Finance Specialists in the Leasing and Hire Purchase markets.**
Joining our Marketing function at *Managerial Level, you will have a first* rate knowledge of the Asset Finance *market gained through a minimum of* five years' experience. Your technical expertise will be backed up by your confident personality and excellent *communication skills. You will also be* expected to prepare credit reports and play a full part in the activities of the Team.
There are very clear opportunities for career and personal development within this new group and we are prepared to offer excellent starting salaries, together with a generous benefits package, including company car, mortgage subsidy and non-contributory pension scheme.
If you wish to apply, please send your CV to Alison Fiske, Personnel Officer, CIBC, Cottons Centre, Cottons Lane, London SE1 2QL. Tel: 01-234 6535.



CIBC
CANADIAN IMPERIAL BANK OF COMMERCE

SALES, TRADING AND BANKING OPPORTUNITIES

On behalf of our Clients we are currently seeking executives with the following experience.

EUROBOND SALES £ NEG
To cover Europe, the Middle East, and the United Kingdom institutional accounts. Must be able to demonstrate thorough knowledge of the fixed income markets and have a proven track record in these areas.

EUROPEAN EQUITY RELATED TRADER £ NEG
A Warrant/Convertible Trader, specialising in European markets is required to augment an existing team of equity related traders.

YEN BOND SALES/TRADING £ NEG
Executives with either skills are urgently required by a leading international name in capital markets.

TRADE FINANCE To £25K Plus Benefits
Major European Finance House requires Marketing Officer to expand existing customer base. Candidates should be in their late twenties and possess working knowledge of trade and commodity finance.

ECONOMIC RESEARCHER To 20K Plus Benefits
Excellent opportunity for an Economics graduate to join an existing worldwide financial research team, supplying all appropriate interest rate forecasts, statistics for bond and equity instruments etc. German or Japanese language would also be a distinct advantage.

OPTIONS/FUTURES To £25K Plus Benefits
Top Japanese name needs Assistant Manager to help cover the management risk in fixed income products. Good experience necessary.

For further information please telephone 01 726-4133 and speak to
JIM ADAMS or **ALAN PENHALLOW** or write to the address below giving full details.
All enquiries will be handled in the strictest confidence
ADAM PEN ASSOCIATES LIMITED
Recruitment Consultants
2-9 Mason's Avenue, Basinghall Street, London EC2V 5BT

FINANCIAL CONTROLLER

FRANCOPHONE AFRICA

Our Client is establishing a commercial bank in francophone Central Africa and seeks to fill the above key post.

The Group's wide-ranging activities in the sphere of trade and finance are at present largely concentrated in English speaking African countries but extend to over 40 countries worldwide.

Applicants should be qualified in finance or accounting preferably with work experience in a banking environment and should be fluent in either English or French, with a very good working knowledge of the other. Experience of living and working in developing countries will be advantageous.

Appointments will be made for an initial 2 year period but career prospects within the expanding Group are excellent. An attractive remuneration package will be negotiated with the successful *candidate.*

Please reply to: Managing Director, PH Recruitment Limited, 16 Grosvenor Street, LONDON W1X 9FB

FOREX

APPOINTMENTS
for Forex, Capital Markets and Treasury appointments consult a specialist agency

Terence Stephenson
Prince Rupert House,
9-10 College Hill,
London EC4R 1AS
Tel: 01-248 0263

WARDLEY INVESTMENT SERVICES INTERNATIONAL LIMITED

OPERATIONS DIRECTOR

Wardley, the Investment Management subsidiary of The Hongkong and Shanghai Banking Corporation, is seeking an Operations Director for its London office.

The major responsibility will be to provide full administrative and financial support services under one line Manager reporting directly to the Managing Director.

The Candidate requirements are:—

- At least 10 years directly relevant experience in the UK Securities Industry. Most recent experience should be in the Investment Management business.
- To be conversant with the relevant regulations and laws related to the Investment Management business.
- An understanding of the basic principles of Unit Trust accounting.
- An understanding of *Modern Technology and its applications to Investment Management.*
- Proven man management skills.
- *Preferred age 35-45 (it is unlikely candidates below this range* will have achieved the necessary level of experience).

The remuneration package will be highly competitive, and will include a potentially significant Bonus, Mortgage Interest Subsidy, Non-contributory Pension, BUPA etc.

Detailed applications, including current salary/package information which will be treated in the strictest confidence should be submitted to:—

Mrs Helen Davies, Personnel Officer,
Wardley Investment Services International Limited,
99 Bishopsgate, London EC2P 2LA.

member: HongkongBank *group*

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ARE YOU A SENIOR EXECUTIVE SEEKING A NEW APPOINTMENT?

We are the professionals who can advise and help you. *Since 1980,* Connaught's executive clients have accessed unadvertised vacancies, obtained interviews, found the right jobs and reduced job search time.

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London: 32 Savile Row, London W1X 1AG. Tel: 01-734 3879 (24 hours).
Bristol: Maggs House, 78 Queens Road, Clifton BS8 1QX. Tel: 0272-226933.

Connaught

FUTURES BROKERS

G.W. Joynson, Est. 1890, is undergoing expansion and seeks proven and professional futures and options Account Executives. The Company offers first class *facilities in all markets.*
Interested parties should contact: Julian Rigby or Andrew Dalziel

G.W. JOYNSON & COMPANY LIMITED
Rectory House 7a Laurence Pountney Hill London EC4R 0DA
01-283 9060

MAJOR INTERNATIONAL BROKER
SEEKS PARIS- BASED UK EQUITY SALESPERSON

REQUIREMENTS
Minimum 2 years experience with bank,broker or similar institution. Higher education in finance or business administration. Knowledge of European markets. especially equities. Fluency in written and spoken french.

Please send c.v. to Patrick Piard
21 rue Vernet, 75008
Paris, FRANCE

STOCKBROKING ON THE ISLE OF WIGHT

COBBOLD ROACH - Corporate Members of the Stock Exchange seek a Member or Registered Representative to join a busy and expanding office at Newport, Isle of Wight. Own business would be an advantage.

Contact P J Coke
0983 520922

ADVERTISEMENT Due to a technical error, The Building Society Loan Terms Table was printed incorrectly on Saturday 19th March. Printed below is the corrected table.

BUILDING SOCIETY INVESTMENT TERMS

	Product	Applied rate net	Net CAR	Interest paid	Minimum balance	Access and other details
Abbey National (01-486 5555)	Sterling Asset	7.50	7.50	Yearly	Tiered	Inst. ov £10K 7.25/6.75 + bonus
	Five Star	7.00	7.00	Yearly	Tiered	Instant 6.75/6.50/6.00/5.75
	High Int Chq Ac	7.00	7.00	Yearly	Tiered	Chq bk/Chq Card 6.50/6.00
	Current a/c	4.00	4.07	Monthly	£1	Chq bk/Chq Card
	Share account	4.00	4.04	½-yearly	£1	Instant access
Aid to Thrift (01-638 0311)	Ordinary Sh. Ac	6.75	6.86	½-yearly	£1	Easy withdrawal,no penalty
Alliance and Leicester*	Prime Plus	7.60	7.60	Yearly	£10,000	3 m.nt.7.30 £2½K+, 7 £500+
	Gold Plus	7.00	7.00	Yearly	Tiered	6.80/6.60/6.25/5.50 inst. acc.
	BankSave Plus	6.25	6.25	Yearly	£10,000	5.75 £2½K+,4.75 £1+cur.a/c
						Min.init. investment £500
	ReadyMoney Plus	4.00	4.04	½-yearly	£1	ATM access (min.bal.£100)
Barnsley (0226 299601)	Summit 2nd max	7.60	7.60	M./yearly	£1000	90 days' not./pen.bal.-£10K
Birmingham Midshires	Premier Guarantee	7.25	7.38	½-yrly	£2,500	3.25 gtd 2 yrs 60d not/pen
(0902 710710)	Premier Access	7.00	7.00	Yearly	£25,000	Tiered rates from £100
Bradford and Bingley (0274 561545)	Maximiser Bonus	6.50	6.50	Yearly	£1,000	Inst. acc. Bonus for no wthdrwls
	Maximiser Inc.	7.25	7.25	Yearly	£5,000	3 mths. Plus 0.15% for £25,000
	Maximiser Grwth	7.50	7.50	Yearly	£5,000	3 m.nt. Plus 0.15% for £25,000
Bristol and West (0272 294271)	Matrixcard	4.00	4.04	½-yearly	£1	Inst. Acc.£500 5.85
	No.1 Capital	7.60	7.60	Yearly	£25,000	3 months' notice, £500 7.30
	No.1 Income	7.30	7.60	Monthly	£25,000	3 months' notice, £500 7.00
	Triple Bonus	7.10	7.10	Yearly	£25,000	Tiered to 6.30 £500+ Inst.acc.
	Share Account	4.00	4.04	½-yearly	£1	Instant access no penalty
	O'seas Inv.Bd.			Yearly	£1,000	9.60 gr.3m.nt.non-UK res.
Britannia (0538 399399)	Trident Six 2 Iss	7.50	7.50	Annually	£25,000	wdl aft 6m-28d nt/pen. Mly Inc av
Catholic (01-222 6736/7)	Jubilee Bond II	7.50	7.50	Monthly	£2,000	90-d. pen./not. m. int. tfr.7.66
Century(Edinburgh)(031 556 1711)	fxd Rate 2/3 Yrs	8.00	8.16	Yearly	£1	Guaranteed rate 2/3 years
Chelsea (01-602 0006)	Lion Shs.(S.Iss.)	7.75	7.75	Yearly	£10,000	£500+ 7.50 3mths or immed/pen
Cheltenham and Gloucester	Chelt. Gold	7.00	7.00	Yearly	Tiered	7.00/6.75/6.00/4.00. No not./pen
(0242 36161)	Gold Mthly.Int.	6.78	7.00	Monthly	Tiered	No notice/penalty
Cheshunt (0992 26261)	Spec.4-Term Sh.	7.75	7.75	M./Yearly	£20,000	90 days' notice/penalty
	Instant Access	7.05	7.05	M./Yearly	£20,000	Instant access. Tiered a/c
City of London, The (04862 28233)	Capital City Gold	7.35	7.35	Yearly	£17,500	Instant access.Tiered account
Coventry (0203 52277)	Moneymaker	7.05	7.05	Yearly	£10,000	Inst.acc. no pen. mthly. Int.
	Moneymaker	6.80	6.80	Yearly	£5,000	£10,000 6.83, £5,000 6.60
	3-year Bond	7.50	7.50	Yearly	£1,000	Withs. 90 days not./penalty.
	90-Day Option	7.50	7.50	Yearly	£5,000	Inst acc/no pen if bal £5,000+
Frome Selwood (0373 64367)	Gold Minor Acc.	7.50	7.64	½-yearly	£1	On demand:0-18 year-olds
Gateway (0903 68555)	Star 60	7.25	7.25	Yearly	£20,000	60 days' pen./not.£500+ 7.00
	Gold Star	7.00	7.00	Yearly	£20,000	Inst. £10K+ 6.75, £5K+ 6.50
Greenwich (01-858 8212)	60-Day Account	7.25	7.38	Monthly	£25,000	No pen. if £5K remains in acc.
Guardian (01-242 0811)	Premier Shares	7.45	7.65	Quarterly	£3,000	No nt/pen. to bal. £3,000+
Halifax*	90-Day Xtra	6.75	6.86	M./½-yrly	£500	90 days, but
	90-Day Xtra	7.00	7.12	M./½-yrly	£10,000	instant where
	90-Day Xtra	7.25	7.38	M./½-yrly	£25,000	£5,000 remains
Hendon (01-202 6384)	3 months shares	7.50	7.64	½ Yearly	£1,000	3 months notice †
Lambeth (01-928 1331)	Premium Shares	6.90	7.02	½-yearly	£250	3 months notice or penalty
Lancastrian (061 643 1021)	Masterplan	7.40	7.40	Yearly	£15,000	Instant access no penalty
Leamington Spa (0926 27920)	Fully Paid	4.10	4.14	½-yearly	£1	Immediate
	High Flyer	7.50	7.50	Yearly	£10,000	Withdrawals on demand
		6.75	6.75	Yearly	£1,000	without penalty
	Super 90	7.75	7.75	Yearly	£10,000	90 days' notice or imm. acc.
		7.25	7.25	Yearly	£1,000	+ 90 days' loss of interest
Leeds and Holbeck (0532 459511)	Capital Interest	7.25	7.25	Monthly	£5,000	90 days' notice or penalty
	Capital Access	7.50	7.50	Yearly	£5,000	Same N/A on bal. £10,000+
Leeds Permanent*	Liquid Gold	6.00	6.00	Yearly	£500	6.50 £5K+ 6.75 £10K+ 7.00 £25K
	Premium Reserve	7.50	7.50	Yearly	£5,000	3.25 premium guaranteed 1 yr.
	Pay & Save	4.00	4.04	½-yearly	£1	5.75 £2,000+
Marsden (0282 692821)	Rainbow	7.50	7.50	Yearly	£25,000	Min. bal. £500+ tiered int.
	Rainbow	7.30	7.30	Yearly	£10,000	+ instant access no penalty
Mornington (01-485 5575)	28-Day Account	7.25	7.38	½-yearly	£1,000	28 days' notice or penalty
National and Provincial*	Notice Account	7.50	7.50	Yearly	£500	90 days' notice/
	Monthly Income	7.20	7.20	Monthly	£1,000	penalty under £10,000
	Inst. Access +	7.00	7.00	Yearly	£30,000	No notice no penalty
National Counties (03727 42211)	Emerald Shares	8.00	8.00	Yearly	£25,000	Immediate if £20,000 remains
Nationwide Anglia (01-242 8822)	Capital Bond	7.50	7.50	Yearly	£1,000	90 Days' notice or penalty
	Bonus Builder	*7.00*	*7.00*	Yearly	*£25,000*	*6.75 £10K+, 6.50 £5K+, 6.25* £2K+, 5.75 £500+, 4.00 £1+
	Capital Bonus	7.50	7.50	Yearly	£25,000	7.25 £10K+, 7.00 £5K+, 6.75 £500+
	Income Bond	7.25		Monthly	£2,000	90 days' notice or penalty
Newbury (0635) 43676	Instant Premium	7.25	7.25	Yearly	£25,000	Instant access. Tiered a/c
	Treasure Plus	7.60	7.60	Yearly	£25,000	3 mths. not./pen. Tiered a/c
Newcastle (091 2326676)	Nova Plus	7.30	7.30	Monthly	£20,000	Instant access, tiered account
Northern Rock (091 285 7191)	Moneyspinner.Plus	7.20	7.33	Monthly	£20,000	Instant access no penalty
		7.00	7.13	Monthly	£10,000	Instant access no penalty
		6.50	6.62	Monthly	£5,000	6.25 £500+ instant access/no penalty
	Prem.Gwth.Bnd.	7.00	7.23	Monthly	£5,000	No wdls. 1st 12mths. then no not./pn.
Norwich & Peterb'gh (0733 51491)	Special 90	7.50	7.50	M/Yrly	£5,000	90d not/loss int on amt withdrawn
Nottingham (0602 481444)	Record Plus	7.50	7.50	Yearly	£10,000	90 days notice/penalty
Peckham (freephone Peckham)	Sunshine saver	6.90	6.90	Yearly	£10	Regular Savings 4 wdls per ann 7d's not.
Portman (0202 292444)	Prem Plus Shs.	7.25	7.25	M/Yrly	£50,000	3 mths. notice/imm. 1 mth. pen.
Portsmouth (0705 291000)	3-Year Share	7.75	7.90	M./½-yrly	£500	No restrictions over £10,000
Principality (0222 44188)	Super Options	7.50	7.50	Yearly	*£20,000*	*Tiered. 3 Months Notice/Pen.*
Regency (0273 724555)	Plus	7.40	7.40	Yearly	£25,000	No nt./pn. £5K 6.75, £500 6.25
Scarborough (0723 368155)	Sol. Gld. Cap.Bd.	7.50	7.50	M./Yearly	£10,000	60 days'not. or loss of int.
Sheffield (0742 756300)	Premium.	7.50	7.50	Yearly	£5,000	90 days or imm whn bal over £10k
Skipton (0756 4581)	Sovereign	7.40	7.40	Yearly	£10,000	Instant access no penalty
	Sovereign	6.75	6.75	Yearly	£5,000	Monthly income available on
	Sovereign	6.35	6.35	Yearly	£500	investments of £2,500+
Stroud and Swindon*	Century (2-year)	7.50	7.50	Yearly	£20,000	7.30 £2,000+, 90 d. nt./int/pn.
Town and Country (01-353 1476)	2-Yr super Term	7.75	7.75	Yearly	£500	Guaranteed 3.75 differential
	Moneywise	6.75	6.75	Yearly	£25,000	Chq. bk.,Visa/ATM cds.int.var
	Super 60	7.50	7.50	Yearly	£10,000	Withdrawals available
Wessex (0202 767171)	Ordinary Shares	7.00	7.12	½-yearly	£1	No notice no penalties
Woolwich*	Capital	6.75	6.86	M./½ yrly	£500	90 days not./pen., £10K+ imm.
	Prime	7.00	7.00	Yearly	£20,000	Instant access. 6.00 £500+, 6.50 £5K+, 6.75 £10K+
	Gartd. Prm.Shs.	7.50	7.50	M./Yearly	£10,000	90 days' not./pen. £10K+ imm.
Yorkshire (0274 734822)	Platinum Key	7.00	7.00	Yearly	£500	60 days' notice /penalty
	Platinum Key	7.25	7.25	Yearly	£10,000	Instant over £10,000
	Platinum Key	7.50	7.50	Yearly	£25,000	Instant over £10,000

*For telephone see local directory. CAR = Annual yield after interest compounded 23/3.

APPOINTMENTS

Mowlem Group airports chief

Mr Bill Charnock is to join the MOWLEM GROUP to lead its aviation related interests. In early April he becomes managing director of London City Airport, and of Mowlem Airport projects, the vehicle through which the group intends to take advantage of other airport related opportunities. Mr Charnock is marketing director of Servisair, prior to which he was head of marketing at Manchester Airport.

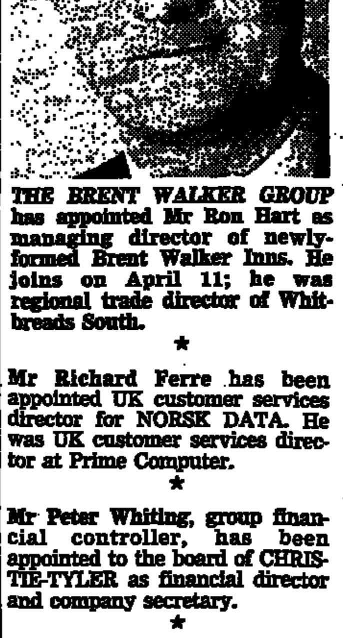
★

Mr Christopher W. Rees, a director, has been appointed company secretary of DGL.

★

Mr Keith Williams has been appointed manufacturing director of LEWDEN METAL PRODUCTS and ROBERT LEWIS (MARYLEBONE). He joins from the Comforto division of Vickers, where he was divisional engineering director.

★



THE BRENT WALKER GROUP has appointed Mr Ron Hart as managing director of newly-formed Brent Walker Inns. He joins on April 11; he was regional trade director of Whitbreads South.

★

Mr Richard Ferre has been appointed UK customer services director for NORSK DATA. He was UK customer services director at Prime Computer.

★

Mr Peter Whiting, group financial controller, has been appointed to the board of CHRISTIE-TYLER as financial director and company secretary.

★

Mr Michael Lawton has been made a director of VAT WATKINS with responsibility for surveys.

★

Mr Harry Faulkner has been elected chairman of ALFA-LAVAL CO. He is president and chief executive officer of Alfa-Laval AB, the Swedish-based parent company. He succeeds Mr Lennart Berglind who has retired.

★

Mr Garry Conrad, managing director of D Dekker, has also been made managing director of another Cowan de Groot company, COWAN DE GROOT (TOYS AND GIFTWARE).

★

Mr Erik G Atkins has been appointed divisional director-business development of SIMON-CARVES, a Simon Group company. He was general sales manager of Babcock Power. Mr David Young has become divisional director-project services. He was previously project manager.

★

WAYMASTER has appointed Mr Christopher Tyler as managing director. He succeeds Mr Gordon Clarke who died in November.

★

BERKELEY ST. JAMES'S has appointed Mr George Fee as a director. He was a director of John Charcol, and managing director of its subsidiary financial services company.

★

Following the retirement on April 30 of Mr L.W. White, managing director of the WATTS TYRE GROUP and subsidiaries, Mr J.C. Thurston, managing director of Watts of Lydney Group, additionally becomes managing director of the Watts Tyre Group. He is already chairman of Watts Industrial Tyres, and also becomes managing director. Mr J.H. Watts, director of Watts of Lydney Group, is appointed chairman and managing director of the Watts Tyre and Rubber Co., and deputy managing director of the Watts Tyre Group. Mr M. Taylor remains financial director of the group. Mr D. Pearson, production director of Watts Industrial Tyres, is appointed director and general manager of Watts Industrial Tyres.

★

Mr John Sharp has been appointed managing director of CMG BUSINESS SERVICES. Mr Leigh Smith has been appointed managing director of CMG Business Services Southern.

★

Sir Roland Whitehead has joined the special equities and mergers group of EBC AMRO as senior adviser on mergers and acquisitions. He was managing director of Brown Shipley Mergers and Acquisitions.

★

On March 31 Mr Robin Farrington will succeed Mr Alex Bennett as chairman of the WHITEBREAD INVESTMENT COMPANY. Mr Farrington has been on the board since 1984, and Mr Bennett will continue as a board member.

★

TEATHER & GREENWOOD, stockbrokers, has appointed Mr Paul A. Irby, Mr B.G. "Tiny" Turpin, and Mr Graham W. Turpin as associated members.

★

Mr Shigeaki Hotta has been appointed head of the foreign exchange and funding division at YAMAICHI SECURITIES, Tokyo. He is succeeded as an executive director, syndication department, of Yamaichi International (Europe), London, by Mr Y. Konishi. He joins from Yamaichi (Switzerland), Zurich, where he was head of new issue syndication.

★

Mr David A. Harding has been appointed planning director of TI GROUP. He was planning manager.

★

Sir Edward Du Cann, chairman of Lonrho, has been appointed president from April 28 of THE INSTITUTE OF FREIGHT FORWARDERS.

★

Lord Armstrong of Ilminster (previously Sir Robert Armstrong, until his recent retirement head of the home Civil service) has been appointed a member of the supervisory boards of ROBECO NV, Rolinco, Rorento, and Rodamco, from July 1.

★

Mr David Cunliffe has been appointed managing director of ITC PRODUCTIONS from May 1. He was controller of drama at Yorkshire Television.

CONTRACTS

Guarding London's computer service

Worth over £42m, a facilities management contract has been awarded to HOSKYNS GROUP, a computer services company, by the London Residuary Body (LRB) to safeguard the future of its Central Computer Service (CCS). The deal, which will be for three years with an option to extend, is worth some £14m annually. Hoskyns will take over the management of CCS employing its 300 staff, acquiring its computing assets and providing a computing service to local government customers and the LRB.

For the first year, the service will be run from County Hall and will then move to new local premises.

Mansell wins over £11m refurbishment orders

R. MANSELL, Croydon, has won contracts totalling over £11m for refurbishment, repair, maintenance and minor work: for Japan Airlines, a near £1m refurbishment of offices and warehouse at Cargo Terminal, London Heathrow Airport; a £1m package improvement in 22 weeks of 70 council flats in four-storey blocks for the London Borough of Sutton at Radcliffe Gardens, Carshalton Beeches, Surrey; for Seeboard, a £625,000 construction of an additional floor with mansard roof to offices in Russell Way, Crawley, Sussex, and extension to car park; at Roundshaw Estate, Wallington, Sutton, £620,000 re-roofing to six blocks of two and three-storey homes for the London Borough of Sutton; a £560,000 conversion of offices, including rebuilding of rear wall, into houses at 32 and 33 Summer Place, London SW1 for Cardigan Estate; a £500,000 re-roof ing of five five-storey blocks of flats for the London Borough of Tower Hamlets at Bancroft Estate, Colebert Avenue, E3; for Netherhall Educational Association, a £440,000 demolition, reconstruction and refurbishment to provide chapel and bedrooms at 1 Orme Court, W2; a £415,000 refurbishment to form office accommodation at four-storey Georgian terrace with basement at 18-19 Southampton Place, WC1 for D O B Estate; for the TAVR, £410,000 drainage works, uplifting and renewal of parade ground, and a new ammunition store in Mitcham Road, Croydon. Other contracts include £345,000 alterations to form dayrooms, an ICU and laboratory at University College Hospital, University Street, WC1 for Bloomsbury Health Authority; £325,000 repairs and re-roofing for National Westminster Bank at Newington Butts, SE11; £325,000 new pitch roof and flat refurbishment at Kingsbridge House, Maple Road, Penge for London Borough of Bromley; £315,000 construction of lift shaft, alterations and refurbishment for the College of Psychic Studies at 16 Queensbury Place, SW7; £265,000 fitting out, including new shopfront, for Wilec at 82-100 City Road, EC1; £220,000 remedial work to pedestrian walkways for London Borough of Sutton at Powell Close, Roundshaw Estate, Sutton. In addition, building maintenance and minor works to the value of £2m have also been awarded.

Cambridge office block

Seven contracts, worth more than £4m, comprising two office blocks, two car company industrial units, two refurbishments and a fish processing plant have been awarded to SDC BUILDERS, Bedford. The biggest is a riverside HQ for Cambridge Interactive Systems, at Harston Mill, Cambs. Designed in glass and steel it will cost £1.7m when completed in a year's time.

The other office development comprises 5,000 sq ft over four storeys costing £440,000 for Pengap Estates at Watford.

At Fords, Dagenham, SDC is constructing a £500,000 paintshop, while at Austin Rover's Longbridge plant the company is about to start work on a design and build inspection facility costing £250,000.

The refurbishments are to an office block owned by Frogmore Estates at Leamington Spa (£400,000) and at two British Rail stations at St Neots, Cambs and Sandy, Beds, (£300,000) while the fish plant, which will produce animal feed, is for BOCM at Renfrew and worth £500,000.

Television/Christopher Dunkley

A shove up the ratings

Television channels are like giant oil tankers: both fit the description Very Large Crude Carrier and both take a long time to respond to a touch on the helm. Thus a new channel controller cannot normally expect his ideas to become noticeable on screen for months, possibly for more than a year. Yet Michael Grade seems incapable of remaining unnoticed. He took over Channel 4 in January, and already the entire television industry is quivering at the feel of a new hand on the helm.

The channel is said to be abandoning its daily programmes for children, and Rosemary Shepherd, who was appointed commissioning editor for children's programmes only a few months ago, is leaving. Yet C4 has now bought 95 hours of the American children's series *Sesame Street*. Invitations have gone out to bid for a mammoth Saturday evening arts series, which sounds as though it could soak up C4's entire annual budget for arts programmes, and – if it comes off – provide interesting competition for *Omnibus*, *Arena* and *The South Bank Show*. The admirable Mavis Nicholson has been dropped and her afternoon interview programme *Mavis On Four* has been scrapped to make space for Parliamentary coverage.

Most intriguing of all, C4 has suddenly started to take an unprecedentedly large share of the ratings. Last year, the best in the channel's five year history, the average weekly share was 8.4 per cent, and the best results were a 10.1 per cent share for one week in March and 10.4 per cent – an all time record – during one week in May. Figures for the past three weeks are three all-time records: 10.5 per cent, 11.7 per cent and 10.9 per cent. It is difficult to see how Grade can be responsible for this since the current schedules were presumably prepared before he arrived, yet the trend is unmistakable. The prediction here last November that Grade would push C4 to a 12 per cent share "within a couple of years or less" now looks conservative: make that 15 per cent this year.

*

Leaving aside Auberon Waugh, social workers seem to be their own worst enemies. On Saturday one of them appeared on the excellent *Right To Reply* (the only programme which Channel 4 produces for itself) to complain about Kay Mellor's powerful and harrowing drama from Yorkshire TV, *Place Of Safety*. This offered an account of one family's experience of the child sex abuse hysteria, showing social workers calling at the family home late at night to remove the young son to the eponymous "place of safety." That, said the complaining social worker on *Right To Reply*, did not actually happen very often, so the play put social workers in an unfair light.

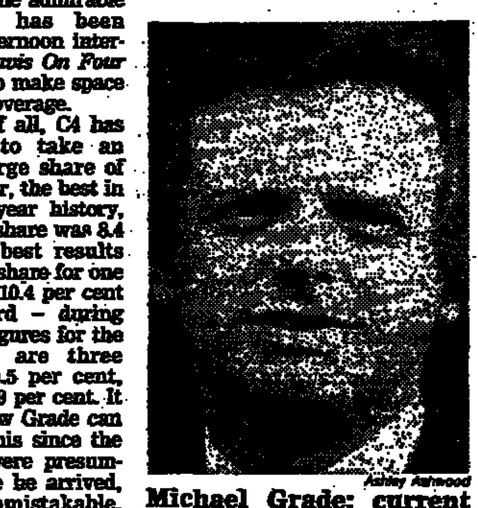
One wonders what she imagines drama to be; some sort of statistical representation of everyday reality apparently. Given the infrequency of murder among Scottish aristocrats perhaps we should ban *Macbeth*. Even her own complaint clearly implied that the Gestapo-style midnight knock was occasionally used by her fellow professionals. How commonplace does it have to become before the rest of us begin to see the practice in a bad light and Key Mellor is justified in writing a play about it?

*

For years the BBC has been urged to provide a radio service for those who want to listen to the central corpus of Western classical music, work by Mozart, Beethoven, Chaikovsky and so on. It does not seem an unreasonable suggestion: you can hear such channels in the USA, Germany and France, and the BBC finds no difficulty in organising services of pop music (Radio 1) "sweet" music (Radio 2) and highbrow music (Radio 3).

Some BBC people maintain that Radio 3, and previously the Third Programme, always did provide a classical service. But everybody who has dipped into Radio 3 regularly over the years knows that much of the time their ears would be punished by some ghastly noise involving note-row form or atonality or some other idea designed deliberately not to appeal to the universal human appreciation of melody, harmony, and rhythm.

Whenever the idea of a classical music channel was suggested it met withering contempt from BBC people. They called it "Radio Two And A Half" or "Classical Muzak," and when John Drummond took over Radio 3 last year he seemed to be just as dismissive as his predecessors. And yet, wondrous to report, whatever the public proclamations, the output of Radio 3 – at least in the daytime – seems to have improved dramatically. You can switch on now knowing that nine times out of ten you will be greeted by music you can enjoy: Bruch's violin concerto, one of Bach's orchestral suites, a Brahms piano sonata, and so on.


Ashley Ashwood

Michael Grade: current schedules were presumably prepared before he arrived at Channel 4

Thanks to internal BBC politics it may be felt necessary for this perception of change to be dismissed with the claim that the ratio of Beethoven/Brahms to Schoenberg/Cage is much as it ever was. If so, we should celebrate the fact that the atonal noises are now being broadcast while most of us are watching television, and the classics at other times, which is splendid. It would, no doubt, be disgracefully cynical to assume that this innovation, resisted for so long, has been brought about now by the vaguest hint of a scheme for commercial radio to run a classical music station in London . . .

*

Odd how a single linguistic solecism can transform somebody's entire image. Until Sunday night George Steiner had always seemed an intellectual colossus: a man whose comments upon literature or philosophy left us ordinary mortals scrambling along in his wake, grasping delightedly at the bits we recognised and trying to hoist aboard those that we did not, before he threw out another vast notion so new or difficult that it swamped us.

Then, during the fascinating Channel 4 discussion programme which marked the end of LWT's *The Modern World: Ten Great Writers*, Steiner proclaimed "That was a quantum jump" and the context indicated that he meant a very big jump. Yet the whole point about "quantum" is that it means the very smallest possible quantity: an irreducible minimum. With that single, simple, and very common error Steiner suddenly reduced himself to just another chap talking about books on the telly. A very healthy change, really, no doubt.

*

Talking of terminology, the use of the phrase "IRA volunteers" by a *Newsnight* reporter to describe terrorist bombers sounds like something rather worse than appeasement, though it might be understandable if the report was being made within earshot of republican extremists.

No such excuse was available, however, to last week's *After Dark* the late-night open-ended Channel 4 discussion series which proved such an outstanding success with its first series. This season's programmes have been much more variable, perhaps partly because of the new policy of inviting viewers to volunteer as participants, a system which may be seriously damaging the superb "casting" evident in the first series.

Last week's subject was terrorism, especially in relation to Ireland, and, predictably enough, the phrase "One man's terrorist is another man's freedom fighter" cropped up. Furthermore Bernadette McAliskey (formerly Devlin) was allowed to talk throughout as though the British Army were waging war against "her" people. Those who remember the Army going in to protect "her" people in 1968 will find that odd.

The difference, surely, between Ireland and other places where "freedom fighting" might be justified is that wherever you live in Ireland you are part of a democracy: no jack-booted military dictatorship prevents Sinn Fein bussing its supporters to the ballot box, and the attempt to align Irish terrorism with the struggle of South American or Asian peasants to overthrow military subjugation and achieve the vote is a piece of moral depravity. Chairman Paul Sieghart should have throttled this wholly dishonest aspect of the discussion at birth.

Incidentally, he or one of the other participants might usefully have put it to Mrs McAliskey that, even in her own terms, it was difficult to see precisely why the British Army was "waging war" in Ireland: while the British certainly did use military might to maintain imperial possessions in the past, there was usually a clear benefit in the form of tea or cotton or a market for finished goods. Given the vast net outflow of money from Great Britain to Northern Ireland what exactly is the Army "waging war" there *for*? Mrs McAliskey was never required to tell us.

Bacon in Moscow

An exhibition of the work of Francis Bacon is to open in Moscow in September. It will be the first major exhibition of British Art to be held in the USSR since the Turner exhibition in 1975 in Moscow and Leningrad, and the first to celebrate the work of a contemporary artist.

The exhibition will consist of about 40 canvasses from 1945 to 1988, including six large triptychs and three recent works not yet exhibited. The paintings will show the full range and variety of Bacon's subject matter, including portraits and the theme of the Furies, the Popes, and the human figure.

The show is being organised by the British Council and sponsored by Marlborough International Fine Art.


Alastair Muir

Nicholas Farrell and Harriet Walter

Cymbeline/The Pit

Martin Hoyle

Bill Alexander's production for Stratford's Other Place was reviewed by Michael Coveney last winter. Its appearance in The Pit heralds the London transfer of a heartening number of RSC hits in an unusually successful Warwickshire season. It arrives pruned by a good six or seven minutes, by the last preview efficient and mechanical if only sporadically moving or stimulating.

The spectators initially enjoy the queasy pleasure of matey chats with the costumed actors who, among other things, confide that most of the cast had never even read the play before. This may explain why, though Shakespeare's eclectic jumble of sources jells into a pastoral-chivalric mini-epic, the production suffers from grinding gear-changes.

Chief victim is Bruce Alexander who plays as if auditioning for the lead in a projected television sitcom. As the king's worthless stepson he combines moments of Hancock-like self-importance with the pugnacious, head-thrusting swagger of the playground bully. The ragbag of stale comic clichés, complete with inexplicable droll sub-cockney accent, soon palls. After raising a few laughs Cloten becomes as nerve-jarringly irritating as any unfunny life and soul of the party. His decapitation comes not a second too soon.

Other grating elements include the playing of the long-lost princes in their mountain fastness as droopily gormless hill-billies whose vocal idiosyncracies turn the Dirge into "Fear. No more. The heat. O'the. Sun." (The second verse is enunciated as the entry in an elocution competition.)

On the credit side, the production is consistently better spoken than the last major British revival, at the Royal Exchange, Manchester; but it lacks that version's exciting visual eccentricity. Musicians in shadows play the chimes and steel drums ranged against the fourth wall. Otherwise the set is austere and the costumes discreetly polychromatic, from classical tunics (for the two ghosts the production runs to) to puffed Tudor doublets and a caddish Regency waistcoat (for the arch-cad Iachimo).

Donald Sumpter's Iago-like villain is effective and intelligent, if unmemorable. Harriet Walter's chiselled pre-Raphaelite profile makes her masculine disguise credible, and she overcomes that breathy little-girl delivery to rise magnificently to outraged innocence and grief. Her sighing happiness at the multiple revelations and reconciliations touch the heart, after three and a half hours. Nicholas Farrell reaches Strindbergian heights (or depths) of misogyny with his bear-like growls of the reiterated "hers!" in the production's strongest performance, the one characterisation that convincingly develops and changes.

David Bradley's beady-eyed Cymbeline makes an avian king, a wise, if flappy, old buzzard. His conniving queen is Julie Legrand, a superbly scheming stepmother who meets the end rightly reserved for those who practise poisoning on cats and dogs. Jim Hooper's lackluster Pisanio is colourless and apathetic beyond the call of loyal retainers. He should learn from Paul Webster's positive old Welsh outlaw how to make a vivid personality out of a stock figure.

Gurrelieder/Festival Hall

Andrew Clements

The Young Musicians' Symphony Orchestra and its conductor James Blair have earned a reputation for exploring the areas of the late-romantic repertory that professional orchestras are unwilling to undertake. Their Festival Hall concert on Monday was devoted to Schoenberg's *Gurrelieder*, which even by the YMSO's ambitious standards presented a formidable challenge. Performances of *Gurrelieder* in London are not exactly commonplace, but that given at last year's Proms by the National Youth Orchestra under Boulez still burns in the memory; while this occasion did not approach that level of intensity and brilliance, it nevertheless realised some parts of this complex score with great vividness.

It had begun, however, with some uncertainty. The filling-in of the prelude was lumpy and unmagical, and the first exchanges between the Waldemar, Graeme Matheson-Bruce, and the Tove, Jo Anne Picken, were lacking in dramatic tension; both singers struggled to be heard; over the saturated orchestral textures. Blair progressively pulled things together, obtaining a more equitable balance while instrumental solos gained in confidence and character. Sarah Walker's "Song of the Wood Dove," delivered with great passion and dramatic style and underpinned by vivid orchestral figuration, then moved the performance on to a significantly higher plane.

Matheson-Bruce gained a measure of assurance as the work continued also, though he never quite achieved the ringing heroic tone much of Waldemar's music demands. Kenneth Bowen contributed a splendidly coloured version of the song of Klaus the Fool, but David Wilson-Johnson's dual portrayal almost stole the show – a chilling study in terror for the intervention of the Peasant, a gripping expressionist narration of the Wild Hunt.

The Pro Musica Chorus of London, the London Choral Society and the City of London Choir provided the choruses of vassals and the final grand peroration with great vigour; the players of the YMSO, after their initial uncertainties, mastered the work's textural complexities with convincing aplomb.

International dance at The Place

The Place, 17 Dukes Road, London, WC1, is to present a three week season of international dance from France, Australia, the US and Sweden from April 12 - 30.

Six French companies will be presented in collaboration with the French Institute during the first week, *April in Paris*. Following will be the *One Extra Company* from Sydney (April 20-23), Laurie Booth and Dana Reitz (25-26) and the Wind Witches Dance Company of Stockholm.

Der Freischütz/Châtelet, Paris

Ronald Crichton

The Paris public may be indifferent to Weber's operas – *Der Freischütz* is seldom heard there – but his music has appealed strongly to French musicians from Berlioz onwards. This appeal may have been a double one: a German feeling for nature of such intensity that it must at first have seemed exotic, and a clarity of texture which any French composer might envy. Weber, with stagings of *Abu Hassan* as well as *Der Freischütz*, figures prominently in the "Festival of German opera from romanticism to post-romanticism" now unrolling itself at the Théâtre Musical de Paris (Châtelet). It was good at the first night of *Der Freischütz* to see a mad rush of student-age enthusiasts up the stairs for the unreserved seats.

Is the profusion of opera in Paris having a healthy effect? This audience paid keen attention. One party who banged their way in during the overture were angrily shooshed at for their pains. There were nervously uncertain titters during the magic scenes, but it can't be easy for those not brought up with this opera to adjust to a rustic world where magic is an everyday occurrence, where good and evil are represented in extreme terms more easily comprehensible to childlike than sophisticated minds. This production, imported from the Stuttgart Staatstheater, formed part of Radio France's "saison lyrique." That organisation provided its New Philharmonic Orchestra, there was an unnamed but responsive chorus, Marek Janowski conducted.

Achim Freyer, the producer, is a man of the theatre to his finger tips – this shows in use of gesture, placing, in such small details as the exact timing of a drop-curtain. He has that indefinable gift of musicality – *only* once, in the silly send-up of Prince Ottokar in the last act as a bored foot-shuffling ninny (in no way suggested by his music), is the streak of profound irreverence in danger of becoming automatic and gratuitous. Freyer's own designs avoid conventional romanticism – no trace of Caspar David Friedrich, only the merest whiff of Biedermeier, instead a violently coloured rainbow and the eye of God hanging over a semi-circle of screens painted with naive but observant landscapes in fairground style.

Freyer's forests are peopled by grotesque peasants by Bosch and Breughel out of the Berliner Ensemble. The men have brown sunburnt faces with red noses, the women white cheeks with doll-like rouge spots – Agathe and Aennchen have these too but are allowed to soften them for the indoor scenes with their big solos. The Wolf's Glen had an uproarious quality which just kept on the right side of the still potentially chilling music (I wish the conductor had given the orchestra its head). Keener eyes than mine saw that the large white rabbit was doing something very rude and that of the naked ladies one had huge breasts and the other an outsize bum and pudenda. There were no timid half-measures – the stage did not, as in most Wolf's Glen inscenations, look embarrassingly empty.

The singing was sound company level – not so disparaging when you remember that good ensemble is not always the outstanding feature of opera in Paris. The strongest performance came from the Hermit of Siegfried Vogel, a short but essential role often undercast. A pity that the experienced and usually discriminating Janowski took the flute solo leading into the final sextet (a movement much admired by Ravel) a little too fast. The instrumental solos (the aforesaid flute and even more the viola in Aennchen's aria) were very good.

The American Cheryl Studer, who is making a name for herself on the Continent, sang Agathe. One would like to hear her in early Wagner. She dealt capably if not quite richly enough with the lovely but demanding legato writing, but her florid singing was not sufficiently fleet. Weber, who wrote for sopranos as if they were clarinets and for tenors as if they were cornets, was liberal with scale passages. None of the Stuttgart singers managed them with the necessary brilliance. Paul Frey had some effective quiet moments in hero Max's intimidating music, but the voice sounded undersized. Janet Perry's Aennchen, wholly convincing as characterisation, was slightly strained in voice. Hartmuts Welker as the wicked Caspar gave a most intelligent demonstration of bluffness turning gradually and inexorably into desperation.

The scene at the opening of the opera which Weber was unwilling to set, where the hermit gives Agathe holy white roses to keep her safe (thus making sense of otherwise obscure incidents later) was given, in dialogue, before the overture. Freyer's treatment of the bridesmaid's song, which has an unaccountable poetry beyond what words and notes alone suggest, was finely judged. In a friendly sort of way, Freyer was roundly booed at the end. Yelling at the producer, whether he deserves it or not, is becoming a tiresome first-night ritual. All the same, opera house directors might pause to reflect on the why and wherefore.

Hirsch, Lenehan/Wigmore Hall

Paul Driver

Rebecca Hirsch is a fine, fiery young violinist whose recital with pianist John Lenehan at the Wigmore Hall on Monday contained some moments of exciting and memorable playing. They began with Beethoven's *Spring* sonata. My initial impression of Ms Hirsch's tone was that it signally lacked the sweetness and beguiling quality that the first movement of this work is supposed to call for; that it was inappropriately harsh and nasal, though clearly big and well-formed. But as she played on, the disadvantage seemed less: her savagery in the development section was to the point, and in the end she took the conventionally seductive movement by main force. Throughout the rest of work her approach was noticeably vehement and muscular, so that for contrasts of delicacy and persuasiveness we had to rely on Mr Lenehan's impressively judged accompaniments. He produced some sparkling arabesques in his solo passages, and was always discreet and forward in the right proportions.

Here and in Prokoviev's D major sonata (the delightful one that also exists in a version for flute and piano) he was always freely able to play up, however; Ms Hirsch was admirably never in danger of being drowned. Her burly, tearaway style now found its true opportunities, whilst the vibrancy and richness in her sound suited this new context perfectly; she achieved, indeed, just the sort of powerfully mettled lyricism that Prokoviev demands in all his solo music for the instrument. The overall effect was fresh, raw, hectic, and invigorating.

A short piece by Colin Matthews received its world première: *Chaconne with Chorale*, allegedly based on the musical letters of the composer Berthold Goldschmidt's name, and as such an 85th birthday tribute to him. It was a charming, tonally biting and gratifying tribute, if a rather exiguous one. It lasted no more than four minutes and appeared to be not so much a chaconne with a chorale as a curious impacting of those two formal ideas. But Ms Hirsch and Mr Lenehan made of it a genuine celebratory flourish.

Saleroom/Antony Thorncroft

China Chinese heirlooms

For once Phillips was in the limelight yesterday. It was given the task of disposing of one of the world's finest private collections of Chinese armorial porcelain. It had been assembled by Cecil Bullivant, who died in 1981 at the age of 99, and comprised nearly 400 lots. The tableware had been supplied to order to noble European families from Canton in the 18th century, with the heraldic designs captured by local Chinese painters.

Some descendants were in the saleroom trying to repurchase a family heirloom, but they were generally outbid by dealers, in particular by Heirloom and Howard, who, in the morning session paid £16,500 for a set of four hexagonal dishes with the arms of Townshend impaling Harrison; £13,200 for nine soup plates, with the arms of Cock quartering Rioach impaling Trevor, and £9,900 for a dish with the arms of Huntsmore Park.

The top price was the £19,800, from a collector, for a pair of water jugs and covers, Qianlong, with the arms of Jarvis of Darlston. At the lower end most lots were exceeding their forecast four times, and a tea bowl and saucer with the arms of Cary impaling Rowe went for just £440. A chamber pot trebled its estimate at £3,740.

The art market is still in a healthy state judging by the prices paid for English watercolours at Christie's yesterday. The sale totalled £539,682, with only 3 per cent unsold. As ever Turner attracted the top price, £90,200 being paid by a telephone bidder for "The Sea, The Sea," an unusually precise, not to say picturesque pencil and watercolour vignette.

Christie's had seen it many times. It sold for 200 guineas in 1878 and for the same sum five years later. By 1888 its value had dropped to 130 guineas and by 1892 to 76 guineas. Yesterday it carried a top estimate of £18,000 but was obviously much sought after.

The buyer was in an acquisitive mood. He also paid £85,000 for a rural scene by Gainsborough of figures by a cottage with a church in the background. It measured eight inches by twelve and trebled its estimate. Then he paid out £55,000 for a Gainsborough sketch of a rocky landscape; £24,200 for yet another Gainsborough, of figures by a pool. Both prices were way above expectation. Just to clear the deck he bought the fourth small Gainsborough country scene, of cattle, for £14,300.

Arts Guide

March 18-24

Theatre

AMSTERDAM

Bellevue Theatre. The English-Speaking Theatre Company in Emerald City by David Williamson, a fast-moving commentary on life in Sydney's media jungle to celebrate the Australian bicentenary. Directed by Tanya Gerstle and designed by Mary O'Connor. (24 72 48).

LONDON

The Best of Friends (Apollo). John Gielgud makes probably his last appearance on the London stage as Sir Sydney Cockerell, a museum curator and friend of Shaw (Ray McNally) and a remarkable abbess (Rosemary Harris). (437 2663, CC 434 3598)

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair.

Shirley Valentine (Vaudeville). Pauline Collins in fine and funny monodrama by Willy Russell of liberation for a Liverpool housewife on Corfu. Shades of Ibsen's Nora and Beckett's Winnie, with jokes. (836 9987, CC 379 4444)

The Phantom of the Opera (Her Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244, CC 379 6131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Björnson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. (379 5399).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. (836 3028, CC 379 6565).

NEW YORK

Fences (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221 1211).

Cats (Winter Garden). Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline. (239 6262).

42nd Street (Majestic). An immodest celebration of the heyday of Broadway in the 1930s incorporates gems from the original film, like Shuffle Off To Buffalo, with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert). The longest running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as emotions rather than emotions. (239 6200).

Phantom of the Opera. The Majestic Theatre, stuffed with the Maria Björnson gilded sets, rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London. (239 6200).

Les Misérables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up, silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 0033).

CHICAGO

Landscape of the Body (Goodman). John Guare's 1977 surrealistic view of an American family, combining mystery, murder and lyrical passages features Amy Elizabeth Gels, Ray Bradford and Gary Cole in Robert Falls' production. Ends April 2. (443 3800).

TOKYO

A Streetcar named Desire (Imperial Theatre). Yukio Ninagawa has had the inspired idea of transposing Tennessee Williams' masterpiece from sultry New Orleans to an equally sultry Tokyo summer soon after the Great Earthquake of 1923. With its prim kimono-clad Blanche Dubois (now Yukiko) and a Korean Stanley Kowalski (Kim), the play becomes intelligible to Japanese audiences and works well in its new setting. Ninagawa's productions always make a strong visual statement: a drop-cloth of giant etherised butterflies acts as a metaphor for Blanche/Yukiko's mental state. Ends March 28. (201 7777)

Yamato Takeru (Shinbashi Enbujo). This staggeringly successful super-kabuki production by Ichikawa Ennosuke, kabuki's greatest showman, has already broken all the records that a new show can possibly break in Japan. The story is based on one of Japan's oldest legends but is less important than the extrovert and highly theatrical bag of tricks that Ennosuke has concocted. (541 2211).

Kabuki (Kabuki-za). For kabuki of a more traditional kind, Kabuki-za is the place to go. It celebrates its 100th anniversary this year and this month features Kan Dobon Chushingura. In two parts, at 11am and 4pm. Excellent English earphone commentary. Ends March 27. (541 3131).

Noh (National Noh Theatre, Matsuzaka). Performed by a troupe dedicated to preserving the ancient traditions, while incorporating elements of modern stage-craft. Thursday. (343 8677).

Moscow Art Theatre (Nissei Theatre). Pearly Zinaida by popular Soviet writer, Mikhail Roschin (in Russian). This musical satire on US-Soviet relations was first seen last November. It will be interesting to see if the 90-year-old company's artistic renaissance under glasnost, demonstrated earlier in Tokyo by its two Chekhov productions, extends to modern work. Ends March 28. (581 1900).

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Wednesday March 23 1988

Mitterrand says 'oui'

IT IS NOT for nothing that President Francois Mitterrand of France has earned the soubriquet of "the Florentine". Even his fiercest opponents must admire the political skill with which he has conducted his campaign for a second term. Mr Mitterrand's announcement that he would run again, made on television last night, was left almost to the very last legal moment, with the first round of the election only a month away. As a result, he has been able to capitalise on the prestige of his presidential office during the many months that his conservative and centrist rivals, Mr Jacques Chirac and Mr Raymond Barre, have been expending their energies in fighting a primary for a place in the run-off at the beginning of May.

It is true that Mr Mitterrand's decision to stand again has become more and more ineluctable as time went on. His Socialist supporters have long been campaigning on the assumption that he would be their standard-bearer in the election and have replaced his physical presence at rallies with huge celluloid images. To have deserted them at this late hour not only would have been interpreted as a betrayal of the party's confidence, but would have deprived the only credible alternative Socialist candidate, Mr Michel Rocard, of any chance of victory.

Ideological credentials

Mr Mitterrand, no doubt, will put the emphasis more on his duty to the French people than his obligations to the Socialist Party or his own desire to prolong his career as head of state. Opinion polls show that the public's confidence in him is high and that he will easily win both the first and final rounds of the presidential election, whichever candidate he faces. The French people have a reputation for choosing fatherly or avuncular figures as their heads of state, statesmen who can stand above the political fray and personify France, rather like the monarchy once did.

Mr Mitterrand certainly fits into that category. His ideological credentials as a Socialist have always been questionable and he has been instrumental in pushing the party in a more moderate direction after its catastrophic excursions into full-scale nationalisations in the early 1980s. He can also claim to have managed the extremely delicate process of *cohabitation* with a neo-Gaullist-dominated government led by Mr Chirac, his main rival for the presidency, in as dignified a manner as the circumstances allowed.

Complicated choices

While few people would deny that Mr Mitterrand has many of the qualities required of a French president, it must still be questioned whether he has acted in the long-term interests of his country. Given that his choice could hardly have been different at this late stage, one wonders why he did not, much earlier in the game, take a decision to withdraw from the presidential race and leave the road clear for a younger candidate, like Mr Rocard. Mr Mitterrand is on record, not once, but many times, as opposing the present system of renewable 7-year terms. He has proposed that they should be limited either to one 7-year term or a maximum of two terms of 5 years, a much more reasonable period for a democratic system. But nothing has ever been done to amend the constitution to this effect.

By standing for a second term under the present electoral law, Mr Mitterrand is overriding not only his own principles, based on the proposition that 14 years is too long for anyone to hold the reins of supreme power, but is extending his presidential life to 78, if he wins. Arguably, that is too old for an executive head of state, particularly one who has to deal with as difficult a domestic political situation as the French one.

If the polls are correct and Mr Mitterrand emerges as the victor, he will immediately be faced by some complicated choices. He has already expressed a preference for soldiering on with the present parliament, rather than dissolving the National Assembly and calling an election in the hope of increasing the Socialists' strength.

In that case, it might be desirable for the President to form a broadly-based centrist government, possibly under a right-wing Socialist Prime Minister like Mr Rocard, who doubtless feels himself entitled to some compensation for his abstemiousness in the presidential election.

Challenges for Indonesia

HALF OF Indonesia's Cabinet was replaced this week at the start of President Suharto's fifth and probably final five-year term. But there is not a lot in the reshuffle to suggest that a much needed breath of fresh liberal air is about to sweep through South East Asia's largest country.

This failure is the more disappointing because earlier this month Indonesia's political elite had a close brush with democratic procedures when a genuine vote for the vice presidency was threatened. In the event the rival candidate backed off and a contest was avoided, but only after a senior officer had made it clear that the military did not like open contests for such an important position.

The intrinsic steadfastness of the military behind President Suharto was again reconfirmed with this week's appointment of General Benny Murdani, former head of the armed forces and of intelligence, as Defence Minister together with that of another senior military commander to the key interior ministry.

On the other hand it would be unwise to dismiss the earlier incidents at the People's Consultative Assembly as irrelevant. In spite of the stage-managed supremacy of the present regime, there are plenty of rumblings below the surface in Indonesia.

Watched closely

President Suharto has ruled his country of 172m people, the world's fifth most populous, for 23 years after gaining power by crushing a Peking-backed Communist attempted coup. As he is expected to step down in 1993 his Vice President, Gen Sudharmono, formerly State Secretary and head of the Government's Golkar Party, will be watched closely for any gentle indications of possible moves towards liberalisation – both political and economic.

In recent years there have been growing signs of disaffection with the austere rule of President Suharto. More than two decades of power have failed to produce substantial increases in prosperity, largely because oil revenues were persistently squandered on government waste and on subsidising moribund public industries. The President once made a celebrated comment that steel production in Indonesia was a "sacrifice by the people."

As an oil exporting nation, Indonesia's economic woes have been compounded in recent years by the collapse in the oil price. Deteriorating terms of trade have created balance of payments difficulties resulting in substantial current account deficits throughout this decade, latterly made worse by the fall in the US dollar in which a much higher proportion of exports than imports is denominated.

The Government has made some robust attempts to tackle the economic problems including severe fiscal tightening and a large currency devaluation, not to mention a more rigorous approach to corruption. But the rising burden of external debt, which has almost doubled to $40bn (£21.9bn) in the last five years, and the concomitant rise in the debt servicing ratio from 12 per cent to nearly 30 per cent over the same period, means the economy will be struggling for some time.

Mass of regulations

It needs more help from a freer and more competitive environment with faster dismantling of the plethora of regulations, protectionist tariffs, lumbering public corporations and monopoly import concessions. The fact is that Indonesia, the only Asian member of the Organisation of Petroleum Exporting Countries, has a per capita income below that of the Philippines.

The most important of President Suharto's achievements has been to create a stable, multi-ethnic nation in spite of the difficulties of administering a country strewn across more than 13,000 islands. Against the worldwide trend, the attractions of Islamic fundamentalism, admittedly never strong in the world's largest Moslem nation, have not taken great hold. If President Suharto can use his military backing to help him begin a gentle shift towards greater personal, political and economic freedom rather than as a force against change, his legacy to the nation will be all the more valuable.

Peter Montagnon examines relations between the EC and Efta in the run-up to 1992 and the deadline for creation of the European Community's single market

Piece by piece the jigsaw grows

A new sense of realism is emerging in relations between the European Free Trade Association and the European Community as the 1992 deadline for establishing the EC internal market approaches.

The six Efta countries – Austria, Finland, Iceland, Norway, Sweden and Switzerland – have been clamouring for inclusion in the internal market which they fear could throw up new barriers to outsiders. Although they are generally reluctant to contemplate the implications for labour-market mobility and fiscal harmonisation that full adhesion to the internal market requires, they are still looking at ways of edging closer to the Community in the run-up to 1992.

Slowly, however, both sides have come to recognise the efforts required to achieve their aim, first enunciated at a joint meeting in Luxembourg in 1984, of creating a dynamic European economic market of 350m consumers embracing the members of both organisations. It will involve a long, hard slog and painful attention to detail that goes far beyond bland expressions of political goodwill.

The new mood was summed up by a remark from Mr Willy de Clercq, the EC trade commissioner, to Efta trade ministers last month: "Let us recognise that there is a difference between the European economic space and the internal market and that only (EC) member states can fully participate in this internal market."

On the surface, however, nothing ought to be easier than a parallel development whereby Efta countries modify their own legislation and technical product standards to reproduce the conditions of the EC's internal market within their own economies. In practice it has created a long litany of problems which are only now becoming apparent. Some frustrated Efta officials are inclined to detect a new hard line on the part of the Community. Mr Per Kleppe, Efta's Norwegian Secretary-General, takes a more moderate attitude, but even he admits that "the EC has now become aware of a lot of problems which it wasn't aware of before."

In principle the EC is firmly committed to the development of close relations with Efta, but it has three long-established principles to guide this process as far as the internal market is concerned:

■ Priority must be given to establishing the internal market within the Community itself.
■ Co-operation must not jeopardise the EC's own autonomy.
■ There must be a balance of advantages and obligations.

One basic EC fear is that the administrative work involved in checking the alignment of the six Efta countries to the framework of the internal market would be enormous, almost equivalent to an accession negotiation. It is hard to see how the EC could divert sufficient resources to this and still maintain its own internal momentum.

Then comes the question of EC autonomy. Does agreement to accept Efta legislation as compatible with the internal market rules mean that the EC is no longer free unilaterally to develop new rules for itself at a later date? The 13-year-old negotiation with Switzerland on reciprocal rights of establishment for non-life insurance companies illustrates this point. EC ministers are balking at an agreement which would allow reciprocal establishment provided Swiss law is harmonised with the relevant European Commission directive. They are worried that future changes to Community regulations might not be possible without consulting Switzerland first.

The greatest difficulties, however, surround the aim of securing a balance of advantages and obligations. At one level this is about reciprocal enforcement of legal obligations in matters such as subsidies and commitment to open government procurement. The EC has its own institutions such as the European Court for dealing with infringements, but no equivalent institutions exist in Efta. At another level it is about the fear of some EC members that unfettered Efta access to EC markets would give its members a commercial advantage.

Spain, with the UK and Greece, is one of only three Community states which run a deficit in their trade with Efta. Preoccupied as it is with its own adjustment to EC membership, Madrid argues that Efta should pay a price for participation in the internal market, for example, in the form of a financial commitment to promote EC regional development. Since 1977 Efta has operated an industrial development fund for Portugal which has remained in existence despite that country's accession to the EC. Some Efta officials regard it as a model for the type of more general regional assistance that might be made available in a broader internal market context.

Even this, however, raises difficulties. Could the EC accept a situation in which Efta was pumping money into its members' economies while leaving it no say in the way that money was spent? Could Efta relinquish control over the way in which its money was spent? Should its assistance be given in other ways, for example through increased rights for Spanish fishermen in Norwegian waters in exchange for access to the Spanish market for Norwegian industrial products?

Underlying this debate is a fundamental difference of approach that goes back to a basic divergence between the two organisations. While Efta has never been anything more than a free trade organisation without a central *decision-making body, the EC* has always aspired to something greater at a political level. Such a political aspiration towards unity is an integral part of its internal market concept.

"You can't have freedom of competition within the Community if, at the same time, you don't have harmonisation of regional, economic, social and industrial policy as well as environmental policy," says one Brussels official. Yet, as outsiders, Efta countries cannot expect to have a say in the formulation of such policies. As sovereign states, it is hard for them simply to rubber stamp decisions made elsewhere for the sake of a chance to participate economically in a unified internal European market.

One Austrian diplomat ruefully remarks that the loss of sovereignty facing Efta states who try to tag along with the internal market is greater than the implicit loss of sovereignty in joining the EC, which would at least give them a say in the decision-making process.

Yet only in Austria and Norway has the possibility of actual application to join the EC been seriously considered. For Switzerland and Finland neutrality as a national policy remains the greatest stumbling bloc. Finland has to consider its proximity to the Soviet Union, Switzerland the internal counterpart to its external neutrality – a constitution which provides for political decisions to be taken by referendum and grants considerable autonomy to cantons.

Sweden, too, has its neutrality to consider, but even leading businessmen and industrialists who would like to see it join the EC admit to other awkward issues. As an EC member, Sweden would have less control over domestic policy and face the possibility of outside interference in matters like taxation, capital controls and labour mobility which could upset its cherished welfare state.

Norway has no neutrality problem but, despite its dalliance with the idea of EC membership, it is still haunted by the 1972 referendum which came out narrowly against. Last month Mrs Gro Harlem Brundtland, the Prime Minister, said the question of membership would not become an issue before the next century at the earliest. Foreign Ministry officials say Norway will continue to work through Efta to bring about a closer relationship.

The Austrian Government of Chancellor Franz Vranitzky has, by contrast, stated that it wants to keep the option of membership open provided it can be squared with its own commitment to neutrality. Beyond that, like other Efta countries, it foresees an attempt to edge closer to the EC through joint negotiation in Efta, through bilateral negotiations and through autonomous decisions to harmonise its economic system with that of the Community, liberalise its markets and introduce greater competition.

The economic pressures are growing. Finland is worried whether its unsubsidised shipyards can compete with their subsidised EC counterparts. Iceland and Norway are worried about fisheries. Norway is also anxious about the energy market and shipping.

In Switzerland, which sends more than half its exports to the EC, Georg Fischer, the engineering firm, caused a stir recently by announcing 400 lay-offs at its Schaffhausen plant and the creation of 100 new jobs across the border at Singen in West Germany. Most big Swiss companies have long been established inside the EC, but small and medium companies could find their position more precarious after 1992 if the internal market does lead to discrimination against non-EC products.

The problem of investment flows is not, however, one which worries Efta's Mr Kleppe unduly. An outflow of investment from Efta to the EC is natural, he believes, given that Efta countries enjoy lower unemployment and higher wages than the EC average.

At the end of the day, the issue of real concern is trade. After nearly 15 years of duty free trade between the two, the EC is Efta's largest trading partner. Even Finland, which sends only 42 per cent of its exports to the EC, expects its trade with West Germany this year to overtake that with its Soviet neighbour. And for the EC the pressures are equally strong. Trade with Efta accounts for about a quarter of all EC exports. Together Efta countries take more EC goods than the US and Japan together. More important still, the EC has a surplus in its trade with Efta – of Ecu 8bn (£5.4bn) in 1987 – which helps offset deficits elsewhere such as that with Japan.

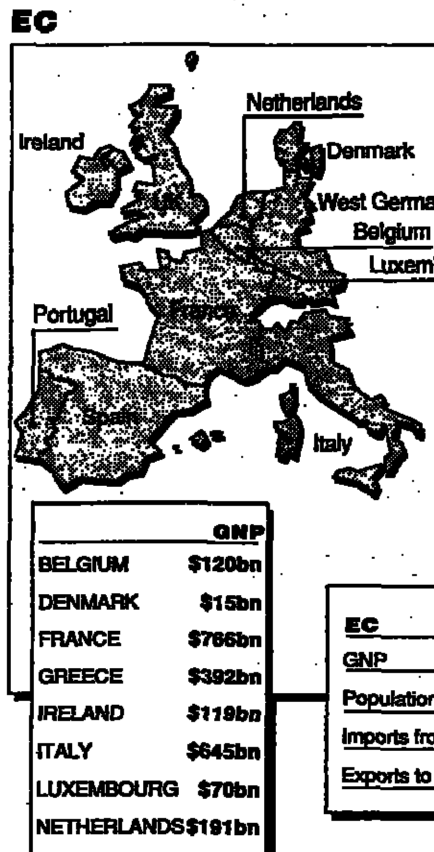
EC officials know they cannot simply close the dossier on relations with Efta and walk away. Instead a pragmatic case-by-case attempt is emerging to smooth the path of future exchanges and integrate Efta countries as far as possible into one European economic space. "The issues involved are often highly complex and require a workmanlike approach and an almost stubborn determination to get the nuts and bolts into their proper place. We should beware of general philosophical debate," says Mr de Clercq.

So the emphasis has turned to practicality and detail. Last year the EC signed a convention with Efta on the use of the Single Administrative Document which is designed to simplify European customs procedures. In June, at the regular meeting between Mr de Clercq and Efta Ministers in Tampere, Finland, the agenda will again cover a range of practical issues: simplification of the rules of origin under which Efta products are permitted duty free access to the EC market; protection of semiconductor designs and measures against counterfeiting; liberalisation of quantitative export restrictions; and increased transparency in the fields of state subsidies, public procurement and processed agricultural products. This may seem a dull agenda. But Mr Kleppe believes it "will not be a big jump, just part of a process," which will continue well into the next decade.

It is easy, in the language of diplomacy, to talk of objectives which sound like something more. Mr Carlo Jagmetti, former Swiss envoy in Brussels talks of the need "having dismissed membership, to conceive, define, negotiate and finally secure a status that goes beyond that of a partner in a free exchange association." In practice that means seeking close involvement while remaining at arms length. If the circle is to be squared, however, it will only happen piece-by-piece and by methodical attention to detail.

Additional reporting by Will Dullforce in Geneva, Judy Dempsey in Vienna, Sara Webb in Stockholm and Karen Fossli in Oslo.

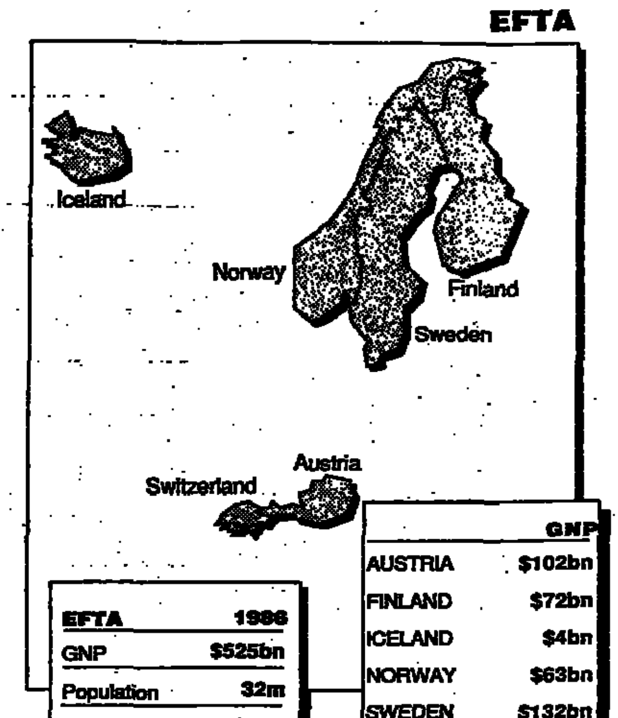
EC



	GNP
BELGIUM	$120bn
DENMARK	$15bn
FRANCE	$766bn
GREECE	$392bn
IRELAND	$119bn
ITALY	$645bn
LUXEMBOURG	$70bn
NETHERLANDS	$191bn
PORTUGAL	$28bn
SPAIN	$236bn
UK	$261bn
W. GERMANY	$980bn

EC	1986
GNP	$5,366bn
Population	322m
Imports from EFTA	$6bn
Exports to EFTA	$7bn

EFTA



EFTA	1986
GNP	$525bn
Population	32m
Imports from EC	$7bn
Exports to EC	$6bn

	GNP
AUSTRIA	$102bn
FINLAND	$72bn
ICELAND	$4bn
NORWAY	$63bn
SWEDEN	$132bn
SWITZERLAND	$152bn

Yamani's raid on Harrods

■Late last week Harrods's books department received a telephone order for 400 copies of Yamani: The Inside Story, a biography and portrait of the former Saudi oil minister. A subsequent call reduced the number to 150, but none has been collected, according to Harrods which adds that the store had been on the verge of asking publishers Simon and Schuster for more.

Forthcoming publication was of sufficient interest to the Saudi ruling hierarchy for Prince Turki al Feisal, chief of intelligence, to have contacted friends in London more than a month ago to obtain a preview of a book. It certainly contains a few tales – some of dubious validity – which leading members of the royal family *would not want to* see in print. But it is a fair supposition that Yamani was the man interested in clearing the shelves of other London booksellers as well as Harrods.

On Monday he obtained an injunction from the Queen's Bench of the High Court ordering the publishers and author Jeffrey Robinson to restrain further publication and distribution until Thursday when the second crucial hearing will take place. He is understood to contend that Robinson – in return for his collaboration – undertook not to write about politics in relation to members of the Saudi royal family or his dismissal from office in 1986. The writer says he promised not to discuss the subjects with Yamani.

Yamani told Robinson that his personal fortune is less than $500m. Though mainly resident abroad, he would not want to burn his bridges at home.

Yorkshire curry

■Bradford Council has been so successful with its campaign to promote Asian cuisine that it has ordered a reprint of its Flavours of Asia booklet which has sold out its first issue.

The Bradford curry has achieved cult status, popularised by university students attracted by the price - less than £2, including three chapattis, a side salad, and a kebab starter.

The Karachi Social Club does a fine keema and the nearby Kashmir in Morley Street is recommended in the Good Food Guide for the "freshness and quality" of the ingredients.

Mohammed Latif, the 38-year-old owner of the Kashmir, where prices for main dishes range from £1.50 to £2.50, has noticed an *increasingly cosmopolitan* clientele who tend to call there after a visit to the National Photographic Museum. Once they get used to the Formica tables and absence of cutlery (the chapatti is used as a scoop or, in the case of students can be saved and moulded into a rather good ash tray) they return time and again.

Only now are the Asian restaurants – Bradford has 73 – being discovered by the gourmet guides. In the Kashmir's case they have been there 30 years.

OBSERVER

Geoffrey Dickinson's cartoons have not been appearing in the Observer column recently as often as we – or he – would have liked. He had been ill for some time and died yesterday at the age of 55.

He was much more than a fine cartoonist. Everything that he drew was a story in itself, and he paid as much attention to the caption as to the drawing. He never needed to be guided; indeed few of us would have dared to try for he seemed to *know everything intuitively*.

In conversation he was both shy and sharp and could be wonderfully amusing. Everyone in the office loved him.

His training was formal and showed in his work. He painted as well as drew. After 15 years at Punch, where he out-cartooned almost everyone, he became the resident cartoonist of the old Men and Matters column of the Financial Times in 1984.

We mourn our loss and reprint one of his recent contributions alongside.

"They certainly drive a hard bargain – ten hours of negotiations just to buy a new car."

Giacco goes home

■Alexander Giacco, grey-haired 68-year-old veteran of the American chemicals industry, was yesterday in high spirits as he was named deputy chairman and managing director of Montedison's chemicals holdings.

Giacco, who built up the Hercules chemicals group in the US, stressed that he was interested in return on capital above all else. He said that Hercules, while ranking only seventh in the US chemicals league, had the highest profitability in the industry.

"I will spend the bulk of my time here in Milan, but I want to keep busy in New York as well," he went on. Sir John Harvey Jones, former ICI chairman is a "dear old friend": "I have known him for many years. I remember when we (Hercules) launched the Himont polypropylene business in 1983 he asked me to come and do the same for ICI."

But Montedison is a company which has gone through difficult times recently and has had more than its share of political interference. From 1980 until December 1987 it was chaired by the aggressive Mario Schimberni, the maverick Italian manager who earned the wrath of the old guard establishment of Italian capitalism by launching hostile takeover bids without first gaining the "permission" of leaders such as Gianni Agnelli of Fiat and Enrico Cuccia of Mediobanca.

Schimberni was ousted by the new majority shareholder of Montedison, Raul Gardini, head of the Ferruzzi agriculture and foods group which is based in Ravenna. Milan bankers were amused yesterday that the man named to take over the running of Montedison chemicals – *Giacco – is an old friend of Schimberni.*

Giacco was born in Calabria shortly before his parents took him to the US. His Italian is almost fluent. Wall Street, however, never knew quite what to make of him. Some called him a visionary, others a hyperactive autocrat who refused to delegate.

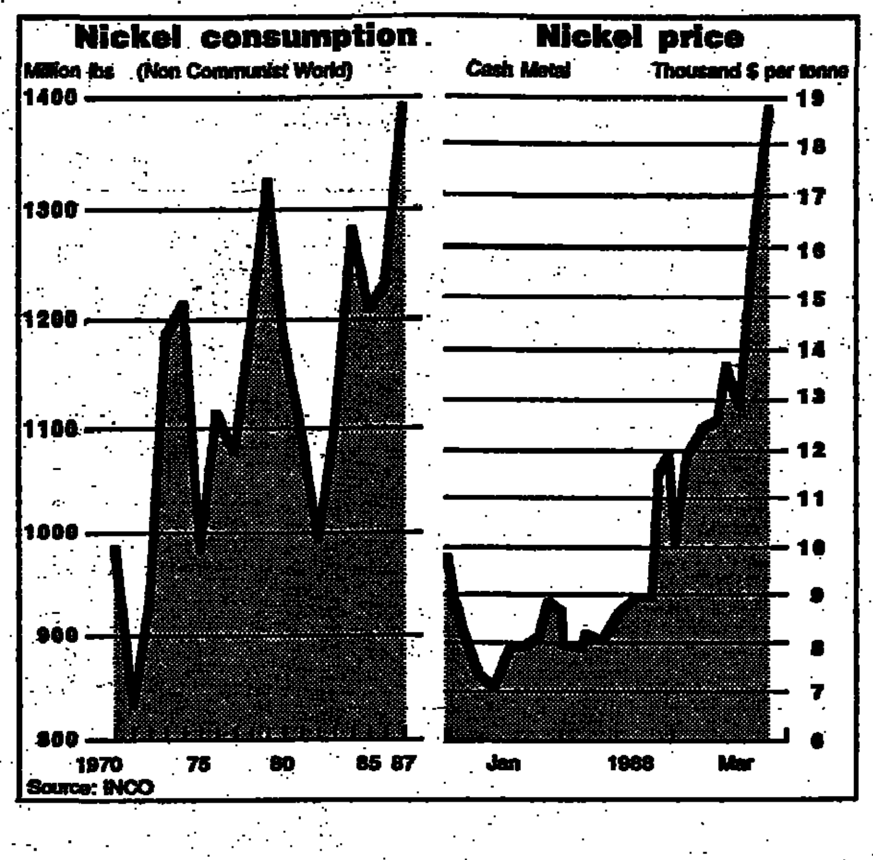
"I'm a dreamer and an innovator, but I'm also a kicker and a pusher, and there's a time in a company's life when that is what it needs," he said in a 1987 interview.

Ask a Mountie

■Newfoundland has stolen a march on the British in adopting the idea of "double daylight time" for the summer. When clocks go forward two hours on *April 3, Newfoundland will be an* hour-and-a-half ahead of the Canadian Maritime provinces. This leaves Labrador (normally in step with the Maritimes) caught between the two since, as part of Newfoundland, it must follow suit.

After April 3 when it is noon in Labrador, it will be 12.30pm on Newfoundland Island, 11am clock in the Maritimes and 10am in Quebec.

Kenneth Gooding looks behind the recent surge in the price of nickel



A crisis caused by consumers

IN THE LAST quarter of 1987, nickel for immediate delivery changed hands for $1.87 a lb. Yesterday, the price touched $8.57 a lb, well above the free market peak of $7.40 reached in 1969, a time when the industry faced booming demand and industrial disputes.

All base metal prices have risen strongly in the past six months but there is no doubt that nickel has emerged as the star performer, under the combined influence of extraordinarily low stocks and exceptionally high demand. Even measured against stronger currencies, the metal's move has been spectacular, showing a rise of 286 per cent in D-Mark terms this year.

The metal has been in such extremely short supply that last month the London Metal Exchange was forced to suspend trading in nickel – only the second time a contract has been suspended voluntarily by the LME in its 111-year history. Yet what was considered something of an outrageous and even profiteering price at the time of the suspension in February has been overtaken in the past week.

Compared with other metals such as aluminium and copper, nickel is a special case. It has been relatively easy to identify where increased production would eventually come from to bring other metal prices down again. But producers and analysts are unable to see how nickel output can be lifted to meet the unexpectedly high demand.

As Neil Buxton, an analyst with Shearson Lehman Brothers' London Metals Research Unit says: "If consumption continues to grow then it is difficult to see where the metal will come from to satisfy the demand. Unlike the other base metals there are no greenfield projects in view and most existing producers are operating at or close to capacity."

The gyrations in the nickel market can be traced to the success of its major customer, the stainless steel industry, which consumes more than 55 per cent of non-Socialist world production.

But how did the nickel producers and their stainless steel customers back themselves into such a tight corner?

Since 1980 the industry has been selling nickel at close to its cash cost. Profitability was poor or non-existent. Several high-cost facilities, such as Hanna in the US and Nonok in the Philippines, were closed.

About 32,500 tonnes of annual capacity has gone out of business since 1980 compared with demand which has been between 400,000 and 500,000 tonnes a year, according to Don Phillips, chairman and chief executive of Inco, the Canadian group which is the world's major nickel producer.

The industry was also reluctant in the early 1980s to invest. This has led to a gradual erosion of the remaining production capacity. By late 1986 nickel producers had cut capacity close to anticipated levels of demand. They had managed to whittle away stocks, thanks to four years of relatively good demand from their stainless steel customers.

At the beginning of last year industry forecasters expected nickel demand to remain at about the same level as the 560,000 tonnes for 1986. They argued that the US would want a little more nickel and that would just about compensate for the downturn expected in Japan whose export performance would be dented by the ever-rising yen.

By the middle of 1987 it was becoming clear that the forecasters had underestimated the ability of the Japanese to stimulate domestic demand to compensate for problems on the export front. Japan's construction industry expanded quickly and so did its demand for stainless steel.

That helped nickel consumption last year rise about 10 per cent from the 1986 level to about 610,000 tonnes.

Although the nickel industry became wise to the new market conditions, in September and October last year, crashing stock markets then confused the issue. A modest recession was expected to follow the crash and the industry's euphoria subsided as it cut demand forecasts.

But demand for nickel continues to be as strong as ever. Stocks have almost completely disappeared because the only way the industry could meet the extra demand from the stainless steel makers last year was by de-stocking.

There was an almighty scramble for nickel on the LME last month. On February 26 the shortage of metal for immediate delivery sent cash prices up to $7.41 a lb, nearly twice the price for metal to be delivered three months ahead.

The LME's board suspended nickel trading for the rest of the day while an attempt was made to bring order back to the market. Michael Brown, the LME's chief executive, concluded that the debacle had not resulted from any manipulation of the market but arose simply because of the shortage of metal. In these extreme circumstances, any threat to nickel supplies is causing nervous users to take action and this is reflected by the volatility of the LME's prices.

The major influence today is a dispute between Falconbridge, another Canadian producer, and the government of the Dominican Republic which since November has prevented most shipments of nickel from that country – which provides about 5 per cent of non-socialist world demand.

Traders can scarcely bear to contemplate what might happen if wage negotiations at the Canadian nickel producers do not go well when they begin in May.

The LME's current situation implies that there is virtually no nickel left in the free world's stocks. At the end of last week its stocks had dropped below 2,000 tonnes. But this is an exaggeration.

Its position is aggravated by the fact that its contract specifications permit only certain types of nickel to be delivered into its warehouses and traded. These exclude such things as ferro-nickel and uncut full plate cathodes used by the large stainless steel manufacturers.

However, although the stainless producers do not use the LME directly to any great extent, the price for nickel of any sort is linked strongly to the LME's going rate.

The high price is already forcing stainless steel producers to impose surcharges. Nickel accounts for about 8 per cent of stainless steel by weight and 10 per cent of the value of a typical product such as cold rolled strip, so there is no way that the stainless producers can avoid passing on current high nickel prices.

The nickel and the stainless industries work on three-monthly supply cycles, so today's high prices for nickel will not show up fully in the accounts of Inco, which has about 34 per cent of the market, or its rivals Falconbridge, Western Mining of Australia, or the French-owned Société Le Nickel for some time yet.

The nickel producers should be doing well financially. According to Sarah Thorn, an analyst with the London-based Metals and Minerals Research Services, the industry has reduced its break-even production cost from about $2.40 a lb in 1984 to $2.00 today and Inco's break-even is probably $1.56 or even lower.

Producers feel there is no evidence that any major increases in capacity are needed. A new nickel plant costs $300m to $400m and adds a long-term $1.50 to the price per pound for financing charges.

Meanwhile, there is a big short-term supply problem to deal with. Even if demand for nickel makes no further headway this year the industry will be hard put to find the metal.

Some analysts suggest non-Socialist world output could be boosted to about 550,000 tonnes if there are no big interruptions to supply. The eastern bloc might contribute 50,000 tonnes even though China, which exported 10,000 to 15,000 tonnes to the West last year, recently doubled export duties on nickel to encourage its producers to keep their metal for home consumption. That would leave a shortfall of 10,000 tonnes and no stocks to cushion the impact.

The sudden change in nickel's fortunes comes after eight years of absolute misery for the industry but the producers are far from happy. They are worried because mining companies might be encouraged to dig for new nickel and thus bring about future over-production.

They are concerned because the manoeuvres in recent weeks might have left the impression that nickel is a volatile commodity subject to violent price swings. That almost certainly will encourage substitution of other materials for nickel in products going on to the drawing board today.

As one nickel salesman put it: "I am sure that in five years time we will look back at this period and say the industry was considerably damaged by it.

"But this is a crisis caused by the consumers, and it can only be solved by the consumers cutting back (their) production."

Foreign exchange intervention

The cost to the taxpayer

By Roger Bootle

EARLY in January, the West German government announced that it was planning to cut spending and raise taxes in 1989 in response to a surprise increase in the budget deficit now expected for 1988. This increase has been caused partly by a reduction of DM 6bn in the profits of the Bundesbank because of losses on its foreign exchange reserves.

The Bank of England has also amassed substantial reserves and is exposed to similar exchange rate risks, but we have not heard a peep from the British authorities about losses on their reserves. Mrs Thatcher, however, has apparently been concerned; indeed fear of future losses is thought to have been a subsidiary reason for her opposition to further substantial intervention to hold the pound down against the D-Mark.

Detective work on the published figures suggests that the British loss on the reserves last year was as large as the figure reported by the Bundesbank. But in contrast to the German approach, the British public accounts do not treat such capital losses as a loss to current income. Instead, only the income consequences of lost capital appear in the accounts, but unidentified, year in, year out. The upshot is that a significant cost to the taxpayer is kept well out of public view.

The numbers are not small. During the course of 1987 the reserves increased from $22bn to $44bn, with most of this increase in the form of convertible currencies. (They now stand at $43bn.) We can take it that, despite moves during the year to switch into stronger currencies, the bulk of both the original amount and the additions has been in dollars, with most of the rest in D-Marks.

Between December 1986 and December 1987 the UK pound rose against the US dollar by 27 per cent and against the D-Mark by 4 per cent, while the sterling price of gold rose by 3 per cent. Without knowledge of the currency composition it is impossible to be sure of the size of losses, but as far as the convertible currencies component is concerned, an average appreciation against the pound of 20 per cent seems a reasonable assumption. At end-year exchange rates, this would imply a capital loss on the reserves already held at the beginning of the year of nearly £2bn.

Losses on intervention during 1987 will depend on precisely when it was carried out and in which currencies. It is difficult, however, to see the accumulation of $22bn (most of it in convertible currencies) producing a loss much below £1bn, and it could be a good deal more. So it looks as though the loss on the reserves last year may have been of the order of £3bn. And this calculation is based on end-1987 exchange rates. At present the pound stands a good deal higher against the D-Mark and the loss at today's exchange rate is correspondingly greater. What has happened to it?

The official figures are not much help. The various components of the reserves are assessed at the same fixed dollar price during the year but the monthly dollar totals are converted into sterling at (more or less) current exchange rates. Once a year, at the end of March, there is an adjustment of the fixed dollar prices of the reserve components to current prices, giving rise to a step revaluation, and these prices are then used as the basis of valuation for the next year.

In principle, it should be possible to trace last year's losses on the reserves in the monthly figures during the year, with a partial adjustment due on the annual revaluation at end-March 1988. The effect of currency translation losses during the year, however, has been swamped (and disguised) by the increase in reserves caused by intervention. And since the authorities do not disclose the exact amount of intervention that has taken place it is impossible to pin down the capital losses in the official figures.

But does it matter? In what sense can the taxpayer be said to be worse off as a result of capital losses on the foreign exchange reserves? If the capital loss is realised, then the cost to the taxpayer is clear enough. Intervention requires finance. If the authorities sell £10bn on the exchanges to acquire foreign currency then they must also sell £10bn of some domestic instrument to acquire the finance. Whether this finance comes from the banks (via bill sales) or from the non-bank public (via gilt sales) is immaterial. Either way it costs money. This interest cost must be set against the interest earnings on the foreign currency acquired through the intervention.

Suppose that the intervention is later reversed at an exchange rate 10 per cent higher so that the authorities realise a 10 per cent capital loss. The authorities will receive only £9bn in sterling which enables them to redeem only £9bn worth of the £10bn debt they first sold. So the public is left with the deadweight of £1bn of debt to finance in perpetuity and for no ostensible gain. Now you may say that £1bn of public debt is neither here nor there. Try telling that to the nurses.

Yet it is not so different when the loss is left unrealised. The increased exchange rate implies a lower sterling value of the interest receipts on foreign currency reserves. And if the exchange rate holds at that higher level then the loss of interest receipts will continue in perpetuity. It is not difficult to see that these results are broadly equivalent to the loss when the foreign exchange intervention is reversed and the capital loss is realised.

Either way, therefore, profits or losses on the reserves affect the public accounts by changing the balance between debt interest paid out to finance the reserves and interest received on them. But the effects are swallowed up within the government accounts and the authorities choose not to draw attention to them. What are the implications?

● Surely West Germany is right to reveal the loss on its reserves as implying a genuine cost to the public funds which must be fully accounted for. The British treatment combines secrecy over current trading results with the apparent consignment of capital losses to limbo in the public accounts. The result is the concealment from the tax payer of a significant loss of public funds.

● Nevertheless, the Germans are being ultra-conservative in treating the capital loss on reserve holdings as a loss to current income, thereby forcing full fiscal compensation immediately, at a time when deflationary forces are already strong. It is surely more appropriate to regard this as a capital item which gives rise to permanent income consequences, that is, to treat it "below the line".

● Although it may be difficult to locate the effects in the public accounts, the losses which can be incurred from official intervention are real enough, and they are large. Central banks across the world have already incurred enormous losses in supporting the dollar. If the dollar should come under renewed pressure without signs of determined US action to halt it, the fear of further large losses may inhibit central bank support.

The author is Economic Adviser to Lloyds Merchant Bank

Letters to the Editor

Degrees of dependence

From Mrs Ann Morgan.

Sir, Dr Alan McKinnon claims (Letters, March 14) that "the mere existence of large multiples...enables foreign manufacturers to gain extensive market coverage with a comparatively low level of logistical and sales support."

True enough; though he might have added that their existence does the same for British manufacturers. It does not necessarily follow that because large multiples dominate retailing in this country, they are responsible for the high level of UK imports of consumer goods.

There is little evidence to suggest that large-scale retailing has raised the level of import penetration – and a good deal to indicate that the retailers' influence has been exaggerated. Among the multiples canvassed, every degree of import dependence was to be found, from very high to very low; the largest firms were no more import-prone than those of medium size.

Indirect evidence suggests that the independent retailers deal in imported goods as much as their larger competitors. It appears that the level of imports by retailers is determined first by the character of the goods themselves – the extent to which they are competitive in price and design – and second by policy at the level of the individual economy.

Ann D. Morgan,
National Institute of Economic and Social Research,
2 Dean Trench Street,
Smith Square, SW1

Mercury must not pick cherries

From Mr P.B. Mitford-Slade.

Sir, Your report on Mercury Communications (March 17) praised Mercury for its decision to offer compensation to clients for late installation, and reports the substantial increase in installation charges for leased (private) circuits.

While your praise on the first is warranted, at least in that it may encourage British Telecom (BT) to do the same, you fail to criticise either Mercury's decision effectively to opt out of the market for 64 kbps (kilobits per second) leased circuits, or to comment on the fact that it will now only guarantee to install in 45 days something that it promised before Big Bang to be able to do in 48 hours.

A rise from £125 to between £1,200 and £2,400 for the installation of new leased circuits indicates that Mercury has no further interest in this important segment of the market – leaving the field clear to BT, which will no doubt feel able now to make increases to its charges. Mercury can doubtless make a good case that its charging structure is currently unprofitable. It claims, particularly, that the cost of providing digital equipment at each terminating site is high. Surely such costs can be handled through increased annual charges rather than through heavily increased installation charges which seem intended to act as a strong deterrent?

Mercury was given considerable support in the City in the months leading up to Big Bang, when it promised that once its main fibre optic network was laid, it would be able to install a new circuit cheaply and in a matter of hours. Not only does it now substantially increase installation charges, but it proposes a "normal" installation time of 45 days – even for an existing Mercury user.

It must not be surprised if the City, in despair, returns to the uncomfortable but more welcoming arms of British Telecom. Mercury appears to be withdrawing from the important leased circuit market in the City without offering anything in its place. Perhaps one way in which Mercury might redeem itself is by offering to the City something to compete with British Telecom's excellent Dealerinterlink service.

Otherwise the myth – encouraged by the Office of Telecommunications (OFTEL) – that Mercury would eventually provide serious competition to BT, will finally be blown away. Mercury must not be allowed to "cherry pick" the attractive services to the disadvantage not only of British Telecom, but also of the user, who would see charges raised on services where Mercury threatened competition but then opts out.

Patrick Mitford-Slade,
City Telecommunications Committee,
c/o Bank of England,
Threadneedle Street, EC2

Sweet are the uses of adversity

From Mr Robin Rowe.

Sir, I note with sadness that Mr Lawson, the Chancellor, intends to amend the definition of standard rated confectionery to include cereal bars.

I have derived much amusement from the antics of some of the finest minds in the country, arguing – during long hours before VAT tribunals – about whether a cereal bar is, or is not, a sweet.

The imposition of 15 per cent VAT has rested on such matters as whether it is eaten with a knife and fork (if it is eaten in the fingers it must be a sweet); where these bars are positioned in supermarkets; and detailed analyses of their ingredients and the way they are manufactured, in an attempt to show that they are biscuits (zero rated), not sweets.

Such a matter of national importance has also, of course, raised questions in the House. On January 27 1988 the Chancellor was asked to explain the difference in VAT treatment between a Jaffa cake and a cereal bar.

I am hoping for some exciting future arguments about the definition of children's furskin clothing (the only type of children's clothing that is standard rated for VAT purposes).

This definition includes, inter alia: "the skin, if neither tanned nor dressed, of cattle (including buffalo) equine animals, goats or kids (other than Yemen, Mongolian and Tibetan goats or kids), swine (including peccary), chamois, gazelles, deer or dogs..."

Robin Rowe,
4 Queens Road,
Egham, Surrey

Government has encouraged business to develop contacts with education

From Mrs Angela Rumbold.

Sir, In a letter published on March 10, Mr Duncan Heenan said that the Government had failed to inform employers about the new GCSE (general certificate of secondary education) examination which 16 year olds will be taking this year.

Quite the contrary: the Department of Education has conducted an important campaign over the last year to inform employers about GCSE. We funded eight regional conferences on GCSE in 1987. Detailed information on the new examination has been sent to over 11,000 large employers, and 6,000 of these have had a video to help train staff.

In addition over 500,000 copies of a leaflet about GCSE have been sent to smaller employers, and all secondary schools will shortly receive copies, so young people can give the guide to prospective employers.

We regularly undertake market research on employer attitudes generally; the most recent showed that most employers know about GCSE. Employer organisations, the careers service and other agencies have also helped to disseminate information through conferences and publications.

Contrary to Mr Heenan's view that the Government is unaware of the implications of the GCSE qualification, considerable effort has been undertaken to ensure precisely the reverse, for the general public and employers in particular.

Angela Rumbold,
Minister of State, Department of Education and Science,
Elizabeth House,
York Road, SE1

From Mr Richard Carter.

Sir, With respect to Mr Heenan (March 10) the Government has produced and made available free of charge a video "That's GCSE" and a "GCSE: Employers' Information Pack".

Within my company, I have obtained this information and made it available throughout the business, in particular to our personnel function which can then inform and advise recruiting management.

Furthermore, successive governments have encouraged business to be positive in developing contacts with education. However limited, my own contact as a member of a departmental advisory committee at a local college of further education has given me additional insight into the practical educational aspects of GCSE, and an opportunity to contribute an employer's perspective to the discussion.

Richard Carter,
54 Gloucester Road,
Kington upon Thames, Surrey

From Mr J.W. Eversley.

Sir, Many of those responsible in industry for recruitment will not be aware of records of achievement and their significance.

We have joined with our local education authority in Newcastle to mount a one day Action Learning seminar, in order to inform local employers about the implications of GCSE as a qualification for those seeking employment.

We believe that by demonstrating how the teaching approach has been changed, and how new methods of recording achievements of pupils are being introduced, we can better understand the capabilities of those youngsters we plan to employ.

We commend this approach to others who may be concerned, like your correspondent (March 10), that GCSE is not well understood.

J.W. Eversley,
British Institute of Management,
25 Collingwood Street,
Newcastle upon Tyne

FINANCIAL TIMES
Wednesday March 23 1988

Super Tuesday makes hesitant London debut

BY ANDREW MARSHALL IN LONDON

SUPER TUESDAY hits London was the plan. The place was the Queen Elizabeth Conference Centre at Westminster, in the centre of the capital; the event the farthest-flung in the US Presidential elections.

Some 3m Americans who live outside the US, from Canada to England to Kuwait, have the chance to vote, either by post or in person, for 11 delegates to the Democratic National Convention at Atlanta which selects that party's candidate for the Presidency. Yesterday that chance came to London.

The idea was that a chunk of the circus that accompanies the Presidential candidates in their whistle-stop tour of America would be transplanted for a day to the British capital by Democrats Abroad, an organisation of Democrats outside the US. The media bulletin promised a series of "good visuals," including Darlene the Democratic Dancing Donkey.

However, there were major problems at the London gathering. In the first place, none of the Democratic candidates had been persuaded to come. Second, and perhaps more important, precious few expatriate Democrats were disposed to vote in person.

The one thing there was no shortage of was the media. Television camera crews, photographers and newspaper journalists searched for the good visuals, clutching their three-part press kit. Every hapless voter who entered was pounced on by the red-tagged throng, pumped for opinions and photographed as he or she tried to understand the complex voting instructions.

Darlene proved something of a disappointment. She was a rather mean-looking animal, shifty-eyed and with a hunch back, periodically baring her teeth in a menacing fashion. She did not so much dance as shuffle, largely because her legs appeared to be tied together. The jackass has been the mascot of the Democrats since Andrew Jackson but, in the circumstances, the symbolism of this particular pantomime animal was rather unfortunate.

Mr Robert Worcester, managing director of MORI, the opinion poll organisation, and the first to vote, arrived a "don't know" and departed having voted for Mr Bill Bradley. He is not a candidate, but Mr Worcester found space on the voting form to write in his name. He was not impressed with the standard of the candidates. "Bill Bradley is standing, the others are running," he said cryptically.

Given the shortage of voters – I counted 15 in two hours – any projection of the outcome of the election would be open to a wide margin of error. Some were for Mr Andrew Sundberg, Democrats Abroad's favourite son, who hails from Geneva and has as much chance of clinching the nomination as Darlene. Most were leaning towards Governor Michael Dukakis of Massachusetts.

This was the first time Democrats Abroad has allowed voting in person, and it showed. But as Mr Worcester said cheerfully: "If we were organised, we'd be Republicans."

Carla Rapoport reports on the expansion of Tokyo's imports from neighbouring countries

Japan rolls out Asian welcome mat

JUST LIKE the Europeans who once sniffed at Japanese imports, the Japanese have long turned up their noses at goods from their Asian neighbours.

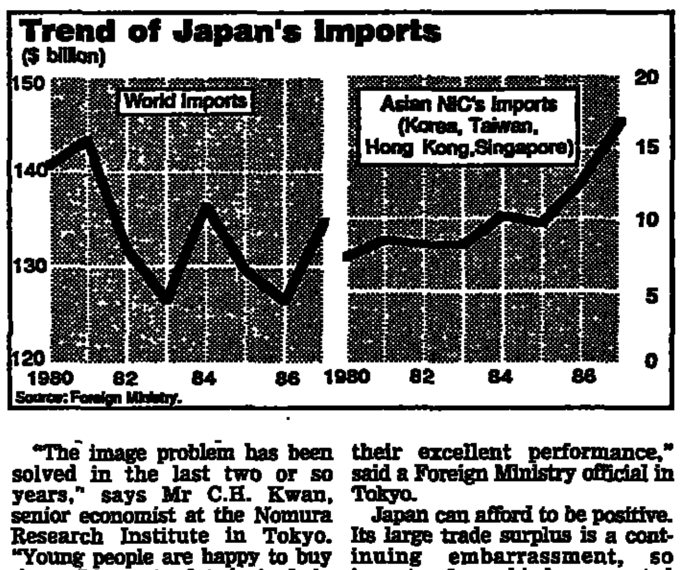
Their prejudices sound familiar: supposed shoddy quality, unreliability and worries over where to get the imported product serviced or repaired. But just as the Europeans easily shed their prejudices against Japan some years back, the Japanese are learning to love imports from Asia's newly industrialised countries (NICs).

The reasons for the change of heart are transparent. The Japanese may be wealthier than ever before, but they also know how to cut costs. The appreciation of the yen has meant that importers and retailers can now buy Asian products much more cheaply. For the most part, this saving is being pocketed before it gets to the consumer, so retailers are delighted to promote Asian goods these days.

At the same time, Japanese exporters have opted for producing more and more of their low-tech products in Asia, using Japanese components and shipping the results back to Japan as well as to the US and Europe.

As a result, Japan's imports from South Korea last year shot up by some 53 per cent to about $8bn; sales to Japan by Taiwan were up by more than 50 per cent to $7.1bn; and Singapore and Hong Kong each registered increases of more than 40 per cent.

Furthermore, for the first time in recent memory, most of the NICs' sales to Japan were manufactured products, not raw materials. Crucially for the NICs, which see Japan as a primary market for their goods, it is now becoming fashionable to own Asian products in Japan.



"The image problem has been solved in the last two or so years," says Mr C.H. Kwan, senior economist at the Nomura Research Institute in Tokyo. "Young people are happy to buy them. It's part of today's fashion."

Nomura predicts that imports from NICs this year will increase by another 50 per cent and grow steadily in subsequent years. Japan still maintains a large trade surplus with its Asian neighbours, which depend on the larger country for key components and capital goods. Some economists expect that surplus to disappear within five to seven years.

Japan is taking this sharp increase in imports calmly, even in the face of a decline in exports. Unlike the US, which has initiated a number of trade disputes with the NICs, Japan's official line remains positive.

"At a time when the growth rate of developed countries is declining, the NICs have contributed significantly to making the [economic] pie bigger. It is counter-productive to blame NICs for their excellent performance," said a Foreign Ministry official in Tokyo.

Japan can afford to be positive. Its large trade surplus is a continuing embarrassment, so imports of any kind are greeted with official cheers; and NIC imports have not shaken up the established business order in Japan.

Retailers are still not passing on their savings on cheaper foreign products to the consumer, so Japanese manufacturers have not had to drop their prices to compete. The Western concept of consumerism is still largely unknown in Japan.

In addition, from industry's point of view the import surge is largely its own creation by virtue of its increasing production in Asian countries and the high quantity of Japanese components in Asian imports.

"I think we are seeing a division of labour. Low-cost standardised products are being made in Asian countries and Japan will concentrate on high-technology products," says Mr Kwan.

Will consumerism ever take hold in Japan, forcing retailers to pass on the savings to shoppers? No doubt Europeans and Americans would be delighted to see the Japanese industry shaken up by aggressive Koreans and Taiwanese. However, the answer seems to be no. Japan's established distribution system remains heavily overmanned, consisting of ranks of wholesalers who each take their cut.

At the same time, most of the country's large manufacturers own their own retail outlets and avoid price-cutting like the plague. So far, only one small, privately-owned company has attempted to cut through the power of the established wholesaling, retailing and manufacturing industry and sell imports direct to the consumer.

That company, Inbix, whose first store opened last month, is selling NIC goods at prices 30 to 40 per cent below those of domestic products. The store is doing a booming business and the company aims to have 200 stores around Japan established within two to three years.

But even Inbix recognises the problems of the established Japanese retailer. "If they sell NIC products very cheaply, they may get some pressure from Japanese manufacturers. So they can't do it. It's a complicated situation," says Mr Jiro Hashimoto, manager of Inbix in Tokyo.

"I hope we will put pressure on the big Japanese manufacturers, at least a 'little,'" he adds. It is possible that this pressure could become significant if more companies jump on the Inbix bandwagon of direct sales.

Inbix is purposely locating its stores outside major cities where land is cheaper. Consumerism, as far as Japan is concerned, is a revolution waiting to happen.

New round of protests hit Soviet Armenia

By Leslie Colitt in Moscow

FRESH DEMONSTRATIONS broke out in Soviet Armenia yesterday despite a moratorium on protests calling for the return to Armenia of the disputed region of Nagorno-Karabakh.

Soviet authorities confirmed the protests and said they began in Yerevan, the capital of the Armenian republic.

The Soviet Government newspaper, Izvestia, also reported that a meeting in Yerevan last weekend had voted to bring Armenia's case before the World Court in The Hague. The newspaper gave a vivid account of the meeting in a Yerevan hall which it said had decided to declare March 26, the end of a self-imposed moratorium on demonstrations, as the most "explosive day."

Izvestia reported that some 700 people voted almost unanimously to adopt a four-point programme set out by Mr Igor Muradyan, a leader of the Armenian nationalist cause, who has been condemned in the Soviet media. A crowd of 3,000 outside heard his broadcast speech.

The demands, Izvestia said, were that the Communist party's central committee was to drop its "slandering" the Armenian people. A programme was to be adopted to resettle Armenians and refugees from the Azerbaijani city of Sumgait, where the official media have reported 32 deaths in rioting. The Armenian case was to be brought before the World Court and a statement on the "Karabakh tragedy" was to be sent to governments, parliaments and other organisations.

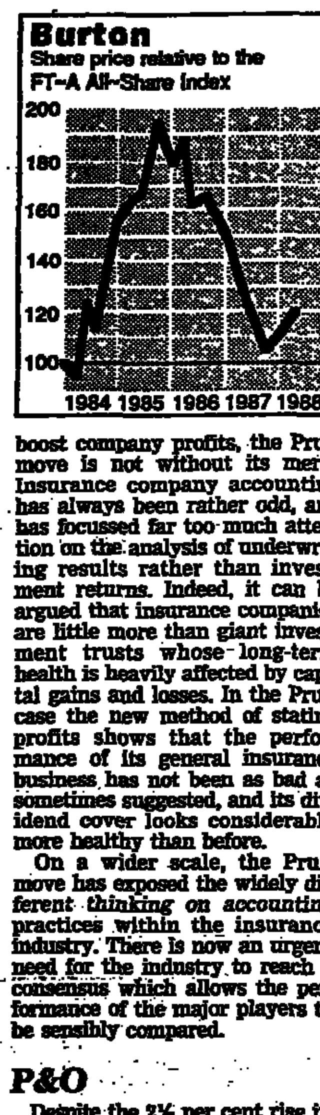
The newspaper said speakers had also proposed a republic-wide hunger strike and the "declaration of Armenia as a non-party Soviet republic."

Armenian officials in Yerevan said some eye witnesses estimated the crowds that gathered at up to 7,000.

THE LEX COLUMN

Trading discounts at Burton

Burton's image so divorces its profit performance from its share price that yesterday's ballyhoo about a 20 per cent advance in the interim results did no good whatsoever. For as long as the DTI investigation remains in the air, Burton cannot expect an average rating for its shares; yet the market does not seem confident about what kind of discount it deserves. A month ago its p/e ratio was 25 per cent below the market average, which was deemed to overstate the worst possible outcome, whereas yesterday's 7p retreat in the face of good news suggested that the present 12 per cent discount may be the ceiling for the moment.



The figures themselves tell a different story. An 11 per cent increase in underlying volumes at Debenhams suggests that the notion of the department store may not be outdated after all. The abandonment of the grandiose galleria scheme for the unconverted Debenhams in preference of a cheap face lift is also welcome, as any embarrassment will presumably be more than made up for on the bottom line. Throughout the group Burton seems to have been quicker than its rivals to stop the sneaking escalation in costs. Trading margins have actually risen; and any apparent deterioration overall is due to a switch at Debenhams away from concessions.

The numbers indicate that Burton should be able to continue to grow faster than the market, yet this does not mean that it will be awarded a corresponding multiple. There are still those in the City who do not like Burton's accounting treatment, and to win them round may take many more results as good as yesterday's.

Prudential

It is amazing what the arrival of a new finance director can do to a firm's profit and loss account. No sooner does the mighty Pru recruit its first finance director in 140 years, than the group changes its accounting policies to show that it really earned pre-tax profits of £242.4m in 1987 rather than £206m. The difference is that it is now including realised and unrealised capital gains in its profit statement, and if this sounds like a decidedly unconservative thing to do, the Pru believes that it should help shareholders better understand its overall performance.

While there is always a touch of scepticism about any accounting change which manages to boost company profits, the Pru's move is not without its merit. Insurance company accounting has always been rather odd, and has focussed far too much attention on the analysis of underwriting results rather than investment returns. Indeed, it can be argued that insurance companies are little more than giant investment trusts whose long-term health is heavily affected by capital gains and losses. In the Pru's case the new method of stating profits shows that the performance of its general insurance business has not been as bad as sometimes suggested, and its dividend cover looks considerably more healthy than before.

On a wider scale, the Pru's move has exposed the widely different thinking on accounting practices within the insurance industry. There is now an urgent need for the industry to reach a consensus which allows the performance of the major players to be sensibly compared.

P&O

Despite the 2½ per cent rise in P&O's share price yesterday, the market's valuation still reflects more sentiment than sense. If cross-Channel travel had not become such an emotive issue, the announcement of pre-tax profits £15m ahead of City forecasts might well have been grounds for more excitement. P&O itself was not going to be so tasteless as to crow about it: the chairman's statement spoke of a year of tragedy as well as achievement.

But neither the Zeebrugge disaster nor the high-profile seamen's dispute are likely to have a big impact on profits. While it would be unwise to rule out all prospect of hidden liabilities from the Herald tragedy, at the moment they look very well hidden indeed. And it would take much more than a few ruined Easter journeys to make the tussle with the seamen anything other than a worthwhile investment in future profitability. It is worth remembering, too, that while P&O's ferries dominate the headlines, they do rather less for the profit and loss account: passenger shipping accounts for only 12.5 per cent of the operating profit of a group whose property-related activities are much more exciting.

True, Bovis could scarcely have had a bad year with the housing market in its current state; nonetheless, it was in the housebuilding, construction and development division that P&O beat the City's expectations most convincingly. And with more than £1bn in properties on the books, post-balance sheet gearing of around 40 per cent should prove no impediment to Sir Jeffrey Sterling's acquisitive tendencies.

Markets

The equity market seems incapable of movement these days without a lead either from sterling or Wall Street, and yesterday neither obliged. The position of sterling, halted a whisker below DM3.10 without apparent intervention, looks delicately poised. The school of thought which says it can run to DM3.15 – because until then another interest rate cut cannot be justified – is balanced by those who recall the authorities' coup on the dollar in the first week of the year. If sterling were to drift above DM3.10 with everyone lulled into going long, the bear trap could be sprung again with devastating effect.

The fundamental relationship is not much clearer. BZW calculates sterling's interest rate differential as presently worth 8 pfennigs over six months, based on borrowing in DMs at 3 per cent, switching to sterling at 8.5 per cent and buying the DM forward to reverse the switch in six months' time. When sterling was at DM3.00, that sort of gap looked like money for old rope; if sterling had fallen to DM2.92, the UK authorities would have been obliged to intervene as a counter-inflationary measure. But a rate of DM3.02, by contrast, looks not impossible in six months' time, in which case the switch would be worthless. Add to that the possibility that in a week's time interest rates might no longer be 8.5 per cent either, and it looks as if bulls of sterling should tread carefully.

Mitterrand to stand

Continued from Page 1

But if the Prime Minister and his new government were prevented from governing, Mr Mitterrand said he would dissolve the National Assembly.

Public opinion polls have for several months favoured Mr Mitterrand, with the forecast of a vote of about 38 per cent in the first round, against 23 or so for Mr Jacques Chirac, who has now outdistanced his right-wing rival Mr Barre at around 20 per cent.

However, Mr Mitterrand is widely thought to have benefited in the opinion polls so far from the fact that he has not been a declared candidate. The fact that he must now enter the fray may expose him to unexpected challenges.

The first round of voting will take place on April 24, with Mr Mitterrand certain to go forward to the runoff ballot between the two front-runners on May 8.

France draws political battle lines

Continued from Page 1

The Communists have seen their electoral support steadily decline during the past decade and Mr Lajoinie is not expected to score very much more than about 5 per cent in the first round. Mr Georges Marchais, the Communist candidate in the 1981 election, scored 15 per cent in the first round. However, Mr Lajoinie has also been fighting a battle with his own camp following the decision of Mr Pierre Juquin, the leader of the reformist dissident wing of the party, to run as an independent candidate.

Mr Juquin, who has left the Communist party after having been its official spokesman, is currently scoring about 2-2.5 per cent in the opinion polls. But he is still not yet assured of securing the 500 necessary signatures from mayors and other elected officials to endorse his candidacy.

The two other fringe candidates are Ms Arlette Laguiller, representing the far left Lutte Ouvriere movement, and Mr Antoine Waechter, the youngest candidate in the race representing the ecologists. Ms Laguiller has already secured her necessary 500 signatures and is not expected to win much more than 1 per cent. Mr Waechter has been promised more than 600 signatures, mostly from independent mayors, and is also expected to poll about 1 per cent in the first round.

Once candidates have secured their 500 signatures, they are automatically awarded FFr6m ($1.05m) in state funding for their campaigns. If they poll more than 5 per cent in the first round this funding is increased to FFr30m.

At the same time, this election is the first in the history of the Fifth Republic in which campaign spending has been regulated following the passing of new legislation last month on political financing in France. The new law establishes a ceiling of FFr120m for all candidates with an additional FFr20m allowed for the two candidates who go through to the second round.

Already, a controversy over campaign spending has erupted with the Socialists accusing Mr Chirac's neo-Gaullist RPR party of exceeding the mark. Mr Chirac's party held a huge rally in Vincennes outside Paris last Sunday attended by several tens of thousands of supporters and militants, many transported at the party's expense

Even before officially announcing his decision to seek a second manadate, Mr Mitterrand's supporters have also indulged in a major poster campaign

Mr Mitterrand has infuriated his opponents by refusing to show his hand until the very last moment. However, this tactic seems to have worked for him by keeping him in the lead in the opinion polls. The question is whether he will continue to score as well now that he has finally come out in the open.

Campeau raises bid for Federated

By Roderick Oram in New York

Campeau, the Canadian retailing and real estate group, appeared yesterday to regain the upper hand in its protracted fight for Federated Department Stores by raising its bid and offering as an alterantive a one-price friendly takeover of the leading US retailer.

The improved terms make Campeau's offer superior to that made by R. H. Macy, a New York retailer, which Federated's board has already accepted.

Coupled with an extension of the offer's expiration date and the proposal of a one-price deal, the moves may help Campeau circumvent Federated's poison pill defence.

Campeau said it would pay $82 a share cash for 70.5m, or about 80 per cent, of Federated's stock and $97 for the rest. The average price is $73 a share for a total of $6.63bn.

Campean said it would make an alternative offer of $73 a share for all the stock on identical terms as the Macy-Federated deal if a friendly agreement could be reached. The Canadian group suffered a severe legal setback last Friday when a court ruled that Federated's poison pill shareholder's rights plan was valid. Macy was unaffected because it had an agreed deal with the traget company.

By amending its offer, Campeau automatically extends its expiration date to midnight on April 4, the same deadline as the Macy's offer.

With the improvement and the alternative proposal of a one-price deal, Campeau has markedly improved its chance of undermining Federated's defences.

US insurers accused of violating anti-trust laws

Continued from Page 1

premiums and cut back cover for commercial liability from 1984.

The result was a crisis in cover with many state operations – such as schools, day-care centres or dumps – forced to exist without cover, or close.

Mr Robert Abrams, the Attorney General of New York, said yesterday:

"The liability-insurance crisis is not entirely the result of cycles in the financial markets, nor of the emergence of new and expensive risks."

"It is, to a substanital degree, the result of deliberate and illegal actions taken by the most powerful actors in the business."

Mr Abrams said that the four US insurers conspired with the local and London reinsurance markets virtually to eliminate cover for such risks as pollution damages, chemcial seepage and hazardous waste disposal.

He said the US insurers dictated new standard policy forms to the Insurance Services Office, a trade association whose forms are the industry norm, to restrict the insurer's liability to simply the life of the policy.

When this met resistance, the suit alleges, the insurers enlisted the supports of big Lloyds reinsurers to threaten a boycott of policies that did not include the restrictions.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	15	59	Dubrovnik	F	14	57	Malta	S	19	66	Rhodes	S	16	61
Algiers	C	17	63	Edinburgh	C	11	52	Manchester	C	10	50	Rio de J'o	F	30	86
Amsterdam	S	10	50	Faro	F	18	64	Manila	F	30	86	Rome	C	16	61
Athens	S	15	59	Florence	C	13	55	Melbourne	F	25	77	Salzburg	C	8	46
Bahrain	S	22	72	Frankfurt	F	11	52	Mexico City	C	26	79	San Francisco	F	10	50
Bangkok	F	34	93	Funchal	S	18	64	Miami	S	13	55	Seoul	S	13	55
Barcelona	S	16	61	Geneva	C	9	48	Milan	C	11	52	Singapore	C	21	70
Beirut	C	16	61	Gibraltar	S	19	66	Montreal	S	-13	9	Stockholm	Sn	1	34
Belfast	C	9	48	Glasgow	C	10	50	Moscow	S	2	36	Strasbourg	F	11	52
Belgrade	F	15	59	Guernsey	C	9	48	Munich	C	7	45	Sydney	C	24	75
Berlin	C	4	39	Helsinki	C	2	36	Nairobi	C	27	81	Taipei	C	19	66
Biarritz	C	11	52	H. Kong	R	18	64	Naples	C	17	63	Tangier	F	16	61
Bombay	S	32	90	Innsbruck	R	7	45	Nassau	F	23	73	Tel Aviv	C	14	57
Bordeaux	R	12	54	Inverness	C	4	39	New Delhi	S	26	79	Tenerife	S	20	68
Brussels	F	10	50	Islamabad	F	28	82	New York	S	-7	19	Tokyo	R	9	48
Budapest	R	6	43	Istanbul	C	14	57	Nice	S	16	61	Toronto	S	-13	9
B. Aires	F	32	29	Jakarta	R	33	91	Nicosia	F	16	61	Tunis	S	22	72
Cairo	F	19	66	Jersey	C	11	52	Oporto	F	14	57	Valencia	S	21	70
Cape Town	S	22	72	Jo'burg	F	26	79	Oslo	F	3	37	Venice	R	9	48
Caracas	C	28	82	Lima	F	26	79	Paris	C	11	52	Vienna	C	11	52
Casablanca	F	17	63	Lisbon	F	16	61	Peking	S	7	45	Warsaw	F	4	39
Chicago	F	-1	30	London	C	13	55	Prague	C	8	46	Washington	S	-2	28
Cologne	F	11	52	Los Angeles	F	12	54	Reykjavik	C	4	39	Zurich	F	9	48
Copenhagen	C	2	34	Luxembourg	C	7	45								
Corfu	F	15	59	Madrid	F	12	54								
Dallas	-	-	-	Majorca	C	16	61								
Dublin	D	10	50	Malaga	F	16	61								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

New chief for Montedison

Continued from Page 1

chief executive sitting quietly at his side, he justified himself on the grounds that "this is an Italian operation on the Italian market and that is the context."

Denying that the deal would harm the interests of small investors, he finally proclaimed that "if the shareholders want it they can take it and if they don't they can leave it."

Mr Gardini said the Ferruzzi-Montedison share deal would reduce Montedison's L8,000bn of debt by L1,800bn. This is to be achieved by transferring around L800bn of META and associated debt to Ferruzzi and by raising about L1,000bn from the issue of new Ferruzzi shares. These will be underwritten by a consortium led by Mediobanca.

The embattled Mr Gardini forecast that Montedison's total debt would be halved to L4,000bn by the year-end as a result of the share deal and the sale of non-strategic assets. Montedison would then be left with chemicals, pharmaceuticals and energy holdings.

American Stores in $45 a share takeover bid for Lucky chain

BY RODERICK ORAM IN NEW YORK

AMERICAN STORES, the third largest US grocery and drug retailer, has made a $45 a share cash takeover bid for Lucky Stores, which values the California-based supermarket chain at about $1.75bn.

Lucky, which fought off a takeover move by Mr Asher Edelman, the New York raider, in late 1986, saw its shares leap by $14¾ to $46⅝ in heavy early trading yesterday.

Lucky pointed out that voting power is limited for any of its shareholders with more than a 10 per cent stake.

Any shares over the threshold have only one-hundredth of a vote. The provision expires on December 22 and cannot be waived by management in the meantime.

Lucky's stock has been underperforming the market in recent months, amid investor scepticism about its ability to maintain its good margins following the Edelman bid. To retain its independence, Lucky undertook a big restructuring to focus more attention on its supermarket business.

The move brought an immediate improvement in its core activities. For the year to January 31, Lucky reported net profits from continuing operations of $119.4m, or $3.09 a share, against $49.7m, or 97 cents cents a year earlier. Sales rose to $6.92bn from $6.44bn.

Lucky's 480 supermarkets make up the sixth largest chain in the US concentrated in California but with many other locations in the southwest and Florida. It has begun a $600m, two-year programme to expand selling space by 15 per cent.

A takeover would be a good geographic and operational fit for American, said Ms Susan Schmierer of Prudential-Bache. It would help both companies achieve, for example, their ambition to dominate the California market and help American push into Florida.

American's offer of $45 a share "is a very good price," she added. If a friendly deal could be achieved, Lucky's management could probably benefit from working within the larger American organisation.

Salt Lake City-based American has grown rapidly through takeovers, pushing up sales 14 fold in the past decade. For the year to January 30 it reported net profits of $154.3m, or $4.19 a share, on sales of $14.27bn, against $144.5m, or $3.79, on $14.02bn a year earlier.

Buitoni rejects French bid

BY ALAN FRIEDMAN IN MILAN

MR CARLO De Benedetti, the Italian businessman, last night rejected the bid by St Louis, the French sugar group, to acquire the French subsidiary of his Buitoni pasta and chocolates group. Mr De Benedetti sold the Buitoni assets to Nestle' of Switzerland last Friday.

After a four-hour meeting in Geneva between Nestle' executives and De Benedetti aides, a joint announcement by the Italian and Swiss companies acknowledged that Buitoni had received a conditional letter of offer from St Louis. "This offer, which arrived after the conclusion of the agreement between Nestle' and Buitoni, is meaningless," the communique stated.

Nestle' and Buitoni pledged last night to "respect the global agreements" signed last week. Under the deal, Nestle' agreed to pay the equivalent of $1.44bn for the assets of Buitoni's listed companies on the Milan and Paris bourses.

Accounting changes boost UK insurer

By Nick Bunker in London

PRUDENTIAL Corporation, the biggest UK-based insurer, has broken ranks with its peer companies by announcing a big accounting policy change which has added £36m ($64m) to last year's pre-tax profits.

The key element of the move is that Prudential will follow in Eagle Star's footsteps by taking credit in its profit-and-loss account for investment gains in its non-life insurance funds. If other insurers made similar accounting changes, they could greatly increase their reported profits.

In its 1987 annual results, published yesterday, Prudential said that from now on it would include realised and unrealised capital gains in the trading results for its non-life operations, which had £860m of premium income last year. The unrealised capital appreciation would be calculated by using a moving average of investment gains over five years. At the group pre-tax profit level, Prudential would include only the realised gains.

Mr Michael Lawrence, Prudential's group finance director, said the move would "assert how we believe it is proper to account for an insurance company," when the European Community is debating moves to harmonise insurance accounting.

Its move also reflects a general feeling among some of Britain's biggest insurers that current accounting methods understate the profitability of non-life insurance, contributing to its low rating by stock market investors.

The Prudential's policy change mean that for 1987 its reported pre-tax profits rose from £206.5m to £242.4m. If the accounting policy had stayed the same the increase would have been from £178m to £206m.

Lex, Page 24

Louise Kehoe in San Francisco examines the implications of a US software court case

Apple copyright suit casts a long shadow

WITH THE filing last week of a copyright infringement suit against Hewlett-Packard and Microsoft, Apple Computer has sparked a fireball of controversy which threatens to engulf the personal computer industry.

At issue is whether Apple can lay exclusive claim to the "look and feel" of its Macintosh personal computer. Apple charges that Microsoft's Windows and HP's NewWave programs infringe copyrights on Apple's Macintosh programs because the HP/Microsoft combination's screen displays closely resemble those of the Macintosh.

Microsoft is by far the largest developer of applications software for the Macintosh and has been credited with boosting Macintosh's entry into the corporate computing market with such programs as Word, a word processing program, and Excel, a spreadsheet program.

Apple, headed by Mr John Scully, claims it has spent "millions of dollars and years of creative effort in developing artistic, aesthetically pleasing visual displays and graphic images that enhance the value and commercial appeal of Apple's products."

However, the implications of the claim may be far more wide reaching than the images on a computer display. Indeed, some observers say the outcome of the legal battle could shape the future of the entire personal computer industry.

Although Apple's suit aims at HP and Microsoft as the publishers of computer programs that look like the Macintosh, its real purpose, say industry observers, is to try to maintain a competitive advantage over arch rival International Business Machines and makers of IBM-compatible computers.

Mr Richard Shaffer, editor of the Computer Letter, a respected industry newsletter, notes: "Microsoft's Windows is the cornerstone of IBM's future software strategy." IBM is working with Microsoft to develop a version of Windows called Presentation Manager, for use on IBM's new range of personal computers, the Personal System/2, he explains.

The combination of Microsoft's Windows and HP's NewWave makes all IBM-compatible personal computers look very much like a Macintosh. "When a customer cannot tell, by looking at a computer screen, whether it is made by Apple or IBM, then Apple is at a disadvantage," Mr Shaffer said.

The impact of Apple's suit may even reach beyond the bounds of the personal computer industry. Among the computer companies that may be forced to consider Apple's "warning" is Sun Microsystems, the leading US maker of high performance computer workstations.

Like Hewlett-Packard, Sun recently approached Apple requesting a licence to use the Macintosh displays. Both companies were rebuffed by Apple. Sun claims it has independently developed a graphical interface that is "better than Macintosh" for its computer workstations.

Mr John Scully: Leading Apple into the legal fray

To date, Apple is believed to have licensed only the developers of application programs for the Macintosh to use its display designs. According to Apple's suit, Microsoft was granted a "limited licence." Apple claims, however, that the latest version of Windows violates that licensing agreement.

By refusing to license its technology and now by filing suit against companies developing similar displays, Apple is impeding progress in personal computer technology development, critics say.

Hewlett-Packard said: "In our view, the issue of 'visual display and images' as described in Apple's complaint, is not the central issue. The issue is innovation." It claims that its NewWave poses a technical challenge to Apple.

Some in the computer industry agree with HP's stand. Mr Andy Hertzfeld, one of the original members of the Macintosh software development team at Apple, said: "It seems a shame to me basically to impede the progress of the rest of the industry."

For Apple, long regarded as the pioneering innovator of the personal computer industry, such criticism is particularly hurtful. Apple appears to be casting itself in a new and unpopular role.

While much of the computer industry is moving toward "open" standards allowing all sorts of computers to share the same software, Apple is sticking rigidly to its proprietary systems.

Playing the "tough guys" may hurt Apple's vaunted image, but falling out with Microsoft could have more immediate and tangible consequences. So far, Microsoft has had little to say about the suit except that "after carefully reviewing the licensing agreement with Apple the company is convinced that no violation has occurred."

A still greater risk facing Apple in this litigation is the possibility that it may lose. In the personal computer software industry the law has not kept up with the pace of technology changes.

There is, therefore, little legal precedent for Apple's claims. Although other personal computer publishers have taken the issue of "look and feel" or the appearance of computer screen displays, to the courts, no definitive ruling has emerged.

Last year Lotus Development sued makers of "clones" of the spreadsheet program Lotus 1-2-3, but the case has still to be resolved.

The outcome of the Apple suit, if it goes to judgment, could therefore provide an important legal precedent for software publishers by defining their property rights. Given the large number of very similar personal computer programs already published, however, it seems inevitable that if Apple prevails, a storm of litigation would follow.

Whatever the consequences Apple is determined vigorously to protect what it calls its "crown jewels." Mr Delbert Yocam, Apple's chief operating officer, says: "Macintosh's audio visual display has been largely responsible for the substantial commercial success of the product."

Still, in an industry that has thrived upon imitation, it is difficult for Apple to find much sympathy for its complaint. In spite of growing concern about copyright issues, many in the industry view Apple's attempts to protect past accomplishments as a sign of weakness.

Final act for Texaco drama

BY JAMES BUCHAN IN NEW YORK

THE LAST ACT of Texaco's long corporate drama opened yesterday in a crowded suburban New York hotel as a federal judge began hearing final arguments on a $5.6bn plan to pay off creditors and lead the big US oil company out of bankruptcy.

Judge Howard Schwartzberg, who has presided over the case since Texaco took refuge a year ago from the largest damages award in history by filing under Chapter 11, started the hearings to confirm the plan as two more obstacles to Texaco's reorganisation fell away.

Texaco said its stockholders had voted overwhelmingly to support the plan – to force a partial dismemberment of their company to finance the huge transfer of wealth to creditors – and payments of over $2bn later on to the Federal Government, tax authorities and lawyers.

The main creditor is Pennzoil of Houston, which is receiving $3bn in return for not enforcing the $10.53bn damages it won after convincing a jury that Texaco stole Getty Oil from a deal it had in 1984.

Meanwhile, a group of lawyers threatening to hold up the plan because it frees Texaco's directors and advisers of all past and future liability over the Getty Oil debacle, have promised to drop their struggle if they can win up to $10m in legal fees from the court.

Kawai expansion in US

BY ALICE RAWSTHORN IN LONDON

KAWAI, THE Japanese group which is one of the largest manufacturers of musical instruments in the world, has established a production base in the US by buying Lowry Industries, a leading name in electronic organs, for an undisclosed sum.

Lowry, which is based in Illinois, suspended production late last year because of dwindling demand for electronic organs in the US and the pressure imposed by imports from Japan.

As a result of Kawai's involvement the Lowry plant, which employs 200 people and mustered a turnover of $25m in 1987, should resume production within the next two or three months. It will continue to manufacture organs under its own brand but will also produce other electronic instruments.

Since the 1970s Japanese manufacturers like Yamaha and Kawai have dominated the world market.

Another boardroom shake-up at Wormald

By Chris Sherwell in Sydney

ANOTHER shake-up in the boardroom at Wormald International, the Australian-based fire protection and security company, has added to the uncertainty hanging over the group's future.

An announcement yesterday said that Bell Corporation, an investment group, had dropped its proposed management arrangement and share option deal with Wormald under which its stake in the group would have risen from 17 per cent to around 31 per cent over five years if agreed profit targets were met.

Mr Phillip Cave, the Bell chief who has been executive chairman of Wormald since January, will now become the group's non-executive chairman. Mr Bob Mansfield, another Bell figure, will remain a director but, as Wormald's chief executive, is to report to the board as a company employee. He will also cease to have any executive responsibility at Bell.

At the same time, Mr John Iliffe, a director of the AWA electronics group and former executive director of Pioneer Concrete, joins the board as deputy chairman with the support of the group's major institutional shareholders.

The shake-up follows the rejection of the AMP Society, the biggest institutional shareholder, of the Bell proposal, which was to be considered at a shareholders' meeting today.

Other key institutional shareholders were also strongly opposed to the plan and started action through the courts to have the meeting postponed or cancelled.

Yesterday's move also follows publication on Monday of Wormald's half-year results, which showed the group plunging to an attributable loss of A$54.8m (US$40.4m) for the six months to December after a profit of A$12.4m in the same period in 1986. Sales improved 14 per cent to A$598.2m.

Earlier this month, Tyco Laboratories of the US, one of Wormald's competitors, made a similar proposal to Bell for a five-year management agreement with Wormald. It also offered to buy 10m shares in Wormald for around A$16m.

This plan will now come under more detailed scrutiny but Wormald is now more vulnerable to possible takeover by an outside bidder.

Wormald's last boardroom shake-up two months ago saw the departure of Mr Lee Ming Tee, the Malaysian-born businessman, as chairman and director, along with two associates.

Mr Lee had won control of Wormald two years earlier through a bid launched by his Sunshine group which left him with a 36 per cent stake.

Bell stepped in last October after Mr Lee's proposed restructuring of Wormald ran aground. But then Bell's own takeover plans hit trouble because of the stock market crash.

Wong Sulong on the effects of a reversal in Malaysian policy

Danes cash in on NEP volte-face

IT HAS been a full circle, and a profitable one, for a Danish consortium of tropical agricultural investors who have just won the right to develop a 25,000-acre palm oil plantation in Malaysia.

Such a large block is a rare acquisition, particularly for foreigners, considering the political sensitivities involved. It shows how far the Malaysian government has back-pedalled on its controversial New Economic Policy as it now assiduously woos foreign investment to revive the sluggish economy.

The story began in early 1982, a time when the Malaysian economy was still booming and the Treasury was flush with revenues from rising oil exports and buoyant commodity prices.

Various government agencies and local businessmen were outbidding each other for foreign-owned assets as part of the NEP aim to "buy back the farm," cutting the foreign stake in the corporate sector to 30 per cent.

Fima, a government agency, made an offer to the Danish owners of United Plantations, a company with 20,000 acres of palm oil and cocoa estates, which valued UP at 600m ringgit (US$232.7m).

The Danish investors sold off their majority stakes, retaining only 15 per cent. At their head was Dato Borge Bek-Nielsen – his Malaysian honorific title stems from a long association with the country – who, along with another Dane, has remained on the six-member UP board. The company went on to acquire 27,000 acres of jungle land from the Perak state government for cultivation.

The opportunity for the Danish investors to make a comeback emerged in October 1986 when the Malaysian government amended its laws to allow foreigners to own land again. Within a month they were in touch with Gula Perak, a listed company which had been in receivership for the past 10 years.

Its main asset was 25,700 acres of land which it obtained from the Perak state government in 1968 specifically for sugar cultivation. The project failed because the soil was not suitable for the crop. Many Malaysian and European groups were eyeing the land but the Danish consortium beat them to it.

"I think we put forward the best possible package that is beneficial to all parties concerned," said Mr John Goodwin, the English merchant banker who was involved in the sale of UP, and who subsequently joined the Danish consortium as their financial director.

Under the deal, finally agreed last week, the Danish investors paid 21m ringgit to Gula Perak for the land. Gula Perak plans to use the money to pay off its creditors as well as to buy some mature palm oil estates. It will then apply to the Kuala Lumpur Stock Exchange for relisting of its shares.

Dato Borge Bek-Nielsen: enthusiastic on prospects

The Danish consortium has formed a company, called UIE (Malaysia), to develop the land into a palm oil plantation over three years at a cost of 130m ringgit. Further planned downstream ventures under consideration will bring the total cost to some 225m ringgit.

The Perak government, which has been anxious to see the Gula Perak land put into productive use, will have a 15 per cent stake in UIE (Malaysia) through its agricultural arm called PSADC. The venture will create 1,000 jobs.

According to Dato Bek-Nielsen, "When we sold UP, we set up United International Enterprises to reinvest in tropical agriculture elsewhere. We tried Nigeria, Thailand, the Philippines and Australia, but we found Malaysia still offered the best deal.

He is enthusiastic about the prospects. The Gula Perak land is a single block lying near the coast, facing the Malacca Straits. It offers enormous economies of scale. The area is one of Malaysia's largest palm oil regions, and offers potential for UIE (Malaysia) to become involved in banking, refining and oleochemical plants.

Moreover, the Danish investors have also gained considerably from currency exchange. When they sold UP, the Malaysian ringgit was worth DKr3.60. Their reentry to Malaysia came at only DKr2.50 to the ringgit.

Apart from their Malaysian investments, the Danish consortium has considerable agri-industrial interests in other parts of the world. Through UIE and International Plantations and Finance, their Copenhagen listed vehicles, they control Aarhus Oliefabrik, Denmark's largest vegetable oil and specialty fats processor, as well as Anglia Oils, a UK vegetable refiner.

They also own cattle and citrus farms in Africa and a 40,000 acre wheat farm in Queensland, Australia.

Wellington SE suspends share listing in Judge

BY DAI HAYWARD IN WELLINGTON

JUDGE CORPORATION, just a few months ago one of the high-fliers of the New Zealand stock market, yesterday had its share listing suspended because it has not met an exchange requirement to disclose the effects of the October stock market crash.

It was one of half a dozen companies which failed to comply with a general request by the authorities. Judge was twice given an extension after the February 29 deadline but when it still failed to produce a report by yesterday, the stock exchange suspended the company.

Mr Roger Gill, a Wellington Stock Exchange director, said: "Judge Corp was working on a matter which needed resolution before it could provide a meaningful balance sheet. Therefore they were given two extensions of time but when they still did not provide a balance sheet the exchange decided to suspend them."

Meanwhile, in Brisbane, Mr Bruce Judge has resigned from the board of Ariadne Australia, another of the companies he built up. He was one of five Ariadne directors who resigned to be replaced by three nominees from Mr Larry Adler's FAI Insurances, which now controls Ariadne.

Our Financial Staff adds: FAI gained 26.5 per cent of Ariadne when it underwrote a rights issue after the stock market collapse. On Monday, a consortium led by Bank of New Zealand and including Essington Developments of Australia and EIE Development of Japan acquired a further 19.9 per cent of Ariadne from Judge.

Ariadne, which has been shedding assets since October, retains interests in Australian property and industry and the US West Coast savings and loan business.

Mr Adler says the company will be "substantially restructured and reorganised."

● Fletcher Challenge, New Zealand's biggest company, is negotiating the acquisition of a South American forest products producer in a deal valued at more than C$100m (US$80m), Reuter reports from Toronto.

Mr Hugh Fletcher, chief executive, said during a visit to Canada that he expects a deal to be signed in the coming months. He would not disclose the name of the company with which Fletcher Challenge is negotiating or the country in which it operates.

Marui lifts earnings and dividend

By Our Financial Staff

MARUI, the Japanese stores chain, lifted parent company pre-tax profits by 14.5 per cent to Y40.4bn ($318.2m) in the year to January, a rise it attributed to strong personal spending.

The company is unexpectedly lifting its annual dividend to Y18 a share from Y17, whereas only a maintained payout had been forecast.

Sales rose by 10.8 per cent to Y444.1bn and a further advance to Y470bn is projected for the current year. Pre-tax earnings are forecast at Y42.5bn.

For the group as a whole, net profits rose 15 per cent to Y19.15bn, or Y61.12 per share against Y54.92, on turnover of Y461bn against Y415.9bn. On this consolidated basis, Marui said sales of women's clothing, its biggest line, were up 14.7 per cent while those of men's apparel and sporting goods were 11 per cent higher. Household goods were up 5.4 per cent.

Rheem rejects Email

RHEEM AUSTRALIA, an appliance and packaging group, said yesterday a A$387m (US$286m) bid by Email was inadequate, AP-DJ reports from Sydney.

Email is an Australian white goods maker 19.9 per cent owned by Electrolux of Sweden. Rheem directors said "a number of parties have expressed interest" in the company since Broken Hill Proprietary said in February it might sell its 61 per cent stake.

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Renault bounds back into profit

BY PAUL BETTS IN PARIS

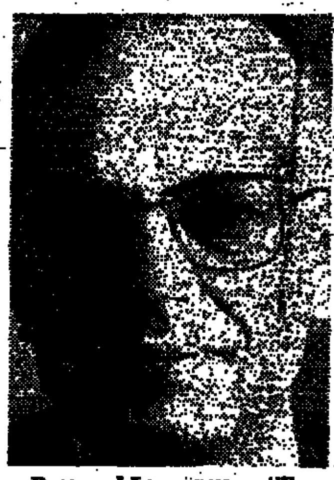
RENAULT, THE French state motor group, yesterday announced a net profit of FFr3.7bn ($645.7m) for 1987, marking a return to the black after several years of huge losses.

In the three years to 1986 it ran up a combined deficit of FFr29.2bn.

In spite of the spectacular turnround, which stems from a large restructuring of the group's traditional European car manufacturing operations, Mr Raymond Levy, chairman, emphasised the group still required a substantial recapitalisation.

He said this was essential, "otherwise everything we will have done will have been built on sand."

The company was due to receive FFr12bn in capital funds from the French Government as part of a reform of its legal status. But, faced by mounting controversy, the Government suspended this at the end of last year.



Raymond Levy: group still needs recapitalisation

Renault said that in spite of its overall financial improvement, its level of borrowing remained excessive. Total debt declined from FFr55.6bn to FFr46.4bn last year while net financial charges totalled FFr4.2bn, against FFr5.5bn in 1986. In spite of the reduction, net financial charges remain significantly higher than those of Renault's main European competitors.

The group's 1987 net income of FFr3.7bn was after industrial and commercial restructuring costs of FFr2.9bn. The improvement was due essentially to its car operations, which made a pre-tax profit of FFr2.8bn last year after losing FFr4.2bn in 1986.

The truck side made a pre-tax profit of FFr290m last year.

Sales totalled FFr147.5bn compared with FFr122.3bn. The 1986 figure took in the consolidation of a number of subsidiaries.

On a comparable basis, Renault said, sales would have grown by 9.3 per cent to FFr134.9bn last year.

Production rose by 4.6 per cent to nearly 1.9m vehicles. Passenger cars accounted for nearly 78 per cent of group turnover while France accounted for nearly 49 per cent of total sales.

Cost cutting, higher sales volumes and improved pricing policies also contributed to last year's financial recovery. Capital expenditure increased to FFr7bn from FFr 5.6bn in 1986.

Renault's recovery strategy has involved large job cuts, the sale of assets – including Renault's interest in American Motors to Chrysler – and the recentring of operations around traditional French and European car manufacturing activities.

Renault's workforce has been reduced from 219,805 to 188,936 over the past four years and further cuts – of about 6,000 – are planned for the current year.

US hospital groups lift revenues

BY JAMES BUCHAN IN NEW YORK

HUMANA, ONE of the largest US hospital management groups, yesterday reported an improvement in revenues and profits amid signs of a modest upturn in the depressed US hospital business.

In contrast, American Medical International yesterday reported an earnings slip as its hospitals struggle to contain costs in the face of government and private-sector efforts to cut health-care bills, although revenues were up.

Humana, based in Louisville, Kentucky, said earnings for the second quarter ended February rose 28 per cent to $55m or 56 cents a share, on a 17 per cent advance in revenues to $846.4m.

The revenue improvement helps confirm industry hopes that occupancy rates will pick up this year for the first time since Washington cut health spending in 1983.

It is also the first sign that Humana's health insurance business, which suffered big losses because of unprofitable contracts in 1986, is succeeding in capturing patients for the hospitals.

American Medical, which derives the bulk of its business from California and Texas, said earnings fell from $28m or 32 cents a share to $24.1m or 30 cents in its second quarter ended February. Revenues advanced 8.1 per cent to $719.4m.

Latest earnings include a special gain of $20.4m on the sale of 35 per cent of American Medical's UK hospital chain, offset by a $20m provision against earnings for the sale of several hospitals.

But Mr Walter Weisman, chairman, said efforts to cut operating costs were paying off, with profits rising twice as fast as revenues between the first and second quarters of the current year.

He said: "Our concerted drive to control costs continues to ensure that the steady growth in revenues has a growing, positive impact on net income."

SAS to cut costs after weak result

By Sara Webb in Stockholm

SCANDINAVIAN Airlines System (SAS) yesterday reported weak profits for the final quarter of last year and said it was implementing a cost-cutting programme to improve the airline's profitability.

There is to be a reduction of administrative personnel, with no further increases in the number of staff working on the airline. Staffing numbers have risen by between 800 and 1,000 annually, to about 20,000, in recent years.

The group is considering the sale of fringe activities – it recently agreed to sell its door-to-door parcel delivery service to TNT of Australia – and said it aimed to improve the profitability of its cargo operations.

By enforcing strict cost-cutting measures, SAS hopes that full-year profits, before extraordinary items, for 1988 will reach SKr1.7bn ($284.7m).

SAS is in the process of a move toward reporting profits for the calendar year, instead of October-September figures. For the period October 1986 to December 1987, the group showed profits of SKr1.69bn, only marginally up on the October 1986 to September 1987 figure of SKr1.66bn.

Although the group does not release quarterly figures, it admitted the final quarter of 1987 was very weak. It said profit growth from the airline had been held in check by fuel costs and government restrictions on air fare increases.

Profits from the airline started to drop in the second half of the 1986-87 period, but SAS said the decline was levelling off.

The group's hotel operations were hit by heavy investments in new projects during late 1987, resulting from plans to expand overseas.

This division showed profits of SKr63m from October 1986 to December 1987, after posting profits of SKr73m in the year 1986-87.

Strong gains at Lyonnaise des Eaux

BY OUR PARIS STAFF

LYONNAISE des Eaux, the diversified French private water distribution group, yesterday reported a sharp increase in profits and unveiled plans to raise FFr1.2bn ($209.4m) to help finance investments.

Group turnover for 1987 rose from FFr15.7bn to FFr16.9bn and earnings, excluding minority interests, shot up by 19 per cent to FFr440m.

The utility is to raise the FFr1.2bn through the issue of a convertible bond.

It pointed out that group investments last year totalled nearly FFr3bn.

Lyonnaise des Eaux recently acquired a 2 per cent stake in Club Méditerranée, a stake in the privatised Havas advertising and media group, and a stake of just under 2 per cent in Société Générale de Belgique.

The group, which has sided with the Franco-Belgian group in the battle for La Générale, said it had paid slightly less than FFr300m for its stake in the Belgian company with which it has joint operations in the cable television and water sectors.

Apart from its traditional water activities, Lyonnaise des Eaux has sought to expand its operations in a variety of service sectors ranging from television, retired people's homes, leisure activities – including the development of golf courses and centres in France – and funeral businesses in France, the UK and Singapore.

Mr Jerome Monod, chairman, said foreign markets accounted for 25 per cent of the group turnover and a third of group profits. Including minority interests, profits totalled FFr570m last year, against FFr531m.

Huhtamaki rights to raise FM234m

BY OLLI VIRTANEN IN HELSINKI

HUHTAMAKI, THE Finnish food, pharmaceutical and packaging industry group, plans to raise FM234m ($58m) through a one-for-five rights issue. A one-for-10 scrip issue is also planned.

The rights offer is priced at FM90 for K shares and FM50 for I shares. The prices are about 60 per cent lower than those on the Helsinki bourse.

According to Mr Asko Tarkka, the group's chief executive, the proceeds will be used to strengthen Huhtamaki's capital structure and facilitate possible acquisitions. Last year Huhtamaki increased profits, after financial items, by 31 per cent to FM196m on sales totalling FM4.38bn.

Sirti income climbs 67%

By Alan Friedman in Milan

SIRTI, THE Italian state-controlled telecommunications installation and maintenance company, has reported a 67 per cent jump in net profits to L177.6bn ($142m) for 1987.

The Milan-based company, which floated 40 per cent of its shares on the local stock market in 1985, said the improvement came from a 25 per cent increase in productivity during 1987 and from fiscal benefits. Turnover reached L600bn, up 19 per cent on 1986.

Sirti, which is proposing a L400 a share dividend, plans a one-for-three scrip issue.

Lindt and Spruengli sees further increases

LINDT AND Spruengli, the Swiss chocolates maker, expects a further rise in turnover and earnings in 1988 in spite of the heavy dependence on foreign sales and the strength of the Swiss franc, Our Financial Staff writes.

Last year, net earnings climbed to SFr12m ($8.6m) from SFr8.4m.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

City of Edmonton deal incorporates put options

BY CLARE PEARSON

HIGHER-YIELDING currency sectors continued to preoccupy the Eurobond market as Eurodollar prices improved on a technical recovery in US Treasury bonds but still saw little turnover.

The Canadian dollar market, a favourite with lead-managers at the moment, received two further issues following last week's hefty C$900m worth of deals. Yesterday's bonds were a C$100m issue for Club Med, the US subsidiary of Club Méditerranée, the French holiday resorts company, and a C$75m bond for the Canadian City of Edmonton.

Edmonton's 9¾ per cent deal was believed to be the first Canadian dollar Eurobond to incorporate put options, though such "retractable" issues are quite common in the Canadian domestic market.

The bond, priced at 100¼, provided an initial yield pick-up of 70 basis points over five-year Canadian domestic bonds. It has a 20-year final maturity date, but can be put after the fifth year, and again after the 10th year.

The idea appeared to appeal to investors as the bond, led by Wood Gundy, traded as high as less ⅞ bid, against 1⅞ per cent fees.

Club Med's deal met a more reserved response, as the borrower is unrated and the success of the issue will hinge on whether the name catches the eye of Continental retail investors. There is only one Eurobond for Club Med outstanding: an Ecu issue launched in 1985.

Banque Paribas Capital Markets led the C$100m four-year 9⅝ per cent issue, priced at 101⅝. It was bid at around less 1¼, outside 1⅝ per cent fees.

Meanwhile, Westpac Banking tapped the Australian dollar market with a 13 per cent three-year A$50m deal, priced at 101½, and led by its London subsidiary.

The deal was subordinated but this did not affect its reception as

INTERNATIONAL BONDS

Westpac has always borrowed in the Eurobond market in this form. It was quoted as high as less 1¼ bid, ⅜ point inside its total fees.

Banque Paribas Capital Markets arranged as a club deal with a small group of banks, an A$30m 12⅝ per cent issue for State Bank of South Australia. The bond, priced at 102¼, is the first tranche of a possible A$100m.

Seasoned Eurodollar prices closed about ⅛ percentage point higher in the shorter-maturities, and about ¼ point higher in the 10-year area. This mirrored the improvement in US Treasuries, which were helped by lower commodity prices and a better than expected US February durable goods figure. However, sentiment in the dollar sector remained weak.

Daiwa Europe announced a $40m five-year 9 per cent bond for Marubeni, the Japanese trading company. The bond, priced at 101½, will not trade widely.

D-Mark Eurobonds and domestic bond both closed about 15 basis points higher on short-covering spurred by the better US Treasury market. But retail investors were absent.

A DM250m 4⅞ per cent five-year bond for Philip Morris, which was seen as aggressively priced when it was launched on Monday, was quoted at less 2.40 bid. Dealers thought this reflected the support bid of Deutsche Bank, the lead-manager.

In Switzerland, prices moved a touch easier in low volume. Many investors are cautious as the quarter-end approaches, a time when money market interest rates traditionally rise.

A SFr150m 4⅞ per cent 10-year deal for Fletcher Challenge, the New Zealand forestry-based group, closed its first day's trading at 97¼, compared with a 101 issue price. Dealers said the bond's terms were unattractive, especially as it was priced over par.

Union Bank of Switzerland's SFr200m deal for Philips Gloeilampenfabrieken, the Dutch electronics concern, did not look generous yesterday, though dealers said the borrower's name was popular. The 4⅝ per cent 12-year bond, priced at 101¼, was bid at less 2⅛.

●Nomura International announced a $100m (equivalent) issue of European depositary receipts for Japan Associated Finance Company, a venture capital company which is an associate of the Nomura group. The issue, which will priced next Monday, represents a 12 per cent increase in Jafco's share capital.

Galactic in Newmont-linked issue

BY KENNETH GOODING, MINING CORRESPONDENT

GALACTIC RESOURCES, the Canadian gold mining company, is raising $36m by way of Luxembourg-quoted debentures exchangeable not only for its own equity but also for shares in Newmont Mining, which is emerging as the biggest gold producer in North America.

The 665,000 Newmont shares were acquired last year when Galactic joined a consortium led by corporate raider Mr T Boone Pickens which made an unsuccessful bid for Newmont.

During the battle, Consolidated Gold Fields, the UK-based mining finance group, spent $445m net to increase its stake in Newmont to 49.7 per cent.

Every new Galactic $1,000 debenture may after 91 days be converted into 50.72 Galactic shares, worth $6.90 each, and 16.15 Newmont Mining shares, priced at $40.25 each.

This represents a 15 per cent premium over the prices at the close on March 21.

The debentures mature in 1995 and carry a 7 per cent coupon. McLeod Young Weir International was lead manager.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 22

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	95½	96	-0⅛	-0⅜	8.82
All Nippon Air 9¾ 97	100	†97⅞	97⅜	-0⅛	-1	9.78
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change... On day 0 on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5½ 92	55	102⅝	102⅞	0	-0⅛	4.77
Belgium 4⅝ 94	45	98	98⅞	0	+0⅛	4.96
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change... On day 0 on week +0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change... On day 0 on week -0.01

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price change... On day +0⅛ on week -0⅛

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Europaper programme for Bank of China

By Stephen Fidler, Euromarkets Correspondent

THE LONDON branch of the Bank of China, the specialised foreign exchange bank of the People's Republic, is reactivating its short-term borrowing programme in the international markets.

It has arranged a $200m programme to issue Eurocertificates of deposit through Credit Suisse First Boston. The other dealers on the programme are Citicorp Investment Bank, Merrill Lynch International and J.P. Morgan Securities.

The Bank of China established a $100m Euro-CD programme in 1986, which lapsed last year after its sole dealer – Salomon Brothers – pulled out of the short-term markets.

The first paper is expected to be issued under the new programme next month, around the time when another top Chinese borrower – China International Trust and Investment Corporation (Hong Kong) – expects to activate a $200m international note issuance programme.

Citic is China's main foreign borrowing arm. The programme, arranged by Barclays Bank in Hong Kong, includes a back-up standby credit. Citic will issue notes through tender panels in Europe, comprising about 25 banks, and in Asia, of 20 banks.

The two financings suggest a heightened Chinese profile in the short-term international markets. Bankers said yesterday that there was no yardstick available to judge at what interest rates the paper would be issued.

●Wolseley, the UK building and plumbing supplies company with substantial US interests, is raising a £150m, five-year multi-option financing with Lloyds Bank Capital Markets as arranger. The £100m committed portion will carry a 6¼ basis point facility fee and a margin over London interbank offered rates of 12½ basis points and a fee of 2½ basis points if the financing is more than half used.

●Ranks Hovis McDougall, the UK foods group, has raised a £250m multi-option facility through Barclays de Zoete Wedd. The committed portion of the five-year financing, terms for which have not been disclosed, was raised from £100m to £160m after syndication.

●Nordstjernan, Sweden's largest private company, is raising a $50m five-year revolving credit through Swiss Bank Corporation Investment banking. There is a commitment fee of 12½ basis points on the undrawn amount and a margin over Libor also of 12½ basis points. Utilisation fees of 5 basis points are payable if more than $16.5m is drawn and 10 basis points if more than $33m is drawn.

EIB launches Fl 200m of Eurobonds

By Laura Raun in Amsterdam

THE EUROPEAN Investment Bank (EIB) launched a Fl 200m issue of six-year, 5.75 per cent Eurobonds yesterday, the second issue lead-managed by SBCI in as many days.

On Monday SBCI led an issue of bond warrants for Gasunie, the Netherlands' national gas utility, giving the right to Fl 135m of five-year Euroguilder notes. The exercise yield will be based on a basket of Dutch government bonds approximating five-year paper plus a margin of 0.25 per cent, the first time that a guilder warrant has been pegged to state loans.

In recent months foreign banks have played a more aggressive role in the Dutch capital markets, which traditionally have been dominated by the Klaverblad (clover leaf) of big Dutch banks.

ABN and Amro and their respective merchant banks, Mees & Hope and Pierson, Heldring & Pierson, have controlled as much as 85 per cent of the bond market in the past, but they have lost ground to other Dutch and foreign banks amid keener competition.

The EIB issue, which was co-led by Amro and Rabobank, was priced at 101.5, which was considered tight when coupled with the fees and commissions amounting to 1⅞ per cent. The issue will be listed on the Amsterdam Stock Exchange.

The Gasunie warrants were priced at Fl 150, which was considered sharp in the light of the considerable decline in interest rates needed to put the warrant in the money.

Yesterday the warrants were being marked down in the grey market, indicated at a net price of Fl 110 compared with Fl 100 on Monday. Neither the warrants nor the Euronotes are to be listed.

Alan Friedman on the motives behind the proposed sale of Buitoni

Benedetti denies Belgian connection

AT THE beginning of this week, Mr Carlo De Benedetti was in one of his more buoyant moods.

With the princely sum of L1,800bn ($1.44bn) due to come in from the agreement last Friday to sell Buitoni, his pasta and confectionery company, to Nestlé, the Swiss foods group – at a price 10 times his investment of just three years ago – it is not hard to understand the Italian entrepreneur's ebullience.

But all is not well. On Monday, the proposed Nestlé takeover was challenged in Paris, where St Louis, the French sugar producer, claimed it had made an offer for the French arm of Buitoni that was better than that of Nestlé.

In Milan, meanwhile, not everyone is full of praise for Mr De Benedetti. Despite his claims to the contrary, the Buitoni deal is being interpreted throughout Europe as a move designed to refurbish the war chest for his "Belgian campaign" to win control of Société Générale de Belgique (La Générale).

The fact that Nestlé is now a committed ally and shareholding partner in Mr De Benedetti's Europe 1992, the vehicle for his assault on La Générale, only reinforces this view. While Milan brokers marvelled at the price Nestlé is willing to pay for Buitoni – equivalent to 35 times consolidated earnings – some Italian commentators have once again raised the perennial question about whether the "real" Mr De Benedetti is an industrialist or a financier.

"Let me set the record straight," declared a combative Mr De Benedetti, clearly stung by the criticism. "Do you know of another financier in Europe who could turn around industrial companies such as Olivetti and Buitoni in Italy, Valeo in France, and Triumph-Adler in Germany? Is this the work of a financier?"

As to charges that the sale of Buitoni is aimed at raising cash for his battle in Belgium, he called the idea "idiotic." The decision to sell Buitoni, which he says is too small to compete on its own in the European market, was taken last March.

"We gave the mandate to First Boston to prepare the sales documents last July and we had our initial contacts with Nestlé in September. The move on La Générale began in December. Anyone who links the two things is mistaken."

The operations may not be linked but Buitoni's 10,000 minority shareholders are being called to an extraordinary meeting on May 11 to discuss the future of the group, whose listings would remain intact on the Milan and Paris bourses. Nestlé has offered to buy the assets of the Buitoni group, paying a price equivalent to more than three times the company's market capitalisation and leaving the Italian share listing behind.

This means that the small shareholders, who hold the 40 per cent of Buitoni not owned by Mr De Benedetti's CIR group, would end up with stock in a shell company whose cash pile would give Buitoni shares an asset value substantially above yesterday's price on the Milan bourse.

Mr Paolo Azzoni, a partner at Studio Albertini, one of Milan's leading brokerages, was enthusiastic about this: "He has managed to get a price which is beyond any expectation and for once a deal has been structured to take the interests of minority shareholders into consideration. That in itself is historic for Italian finance."

That is all well and good. But what, then, does Mr De Benedetti propose to do with the $1.44bn of cash? Two-thirds of the proceeds from the Buitoni sale – or around $940m – would go directly to the quoted Buitoni and Perugina companies in Italy. But around $500m would be paid by Nestlé to Buitoni SA, the French subsidiary listed in Paris.

At this point Mr De Benedetti admits that the money received by the Paris company might well find its way to Cerus, his French investment company which has been leading the battle for La Générale in Brussels. So far, Cerus has spent FFr4.5bn ($783m) – or more than one-and-a-half times the amount it would get for Buitoni France – on buying shares in the Belgian group.

"That money could help to finance Cerus' outlay," Mr De Benedetti acknowledges. The remaining proceeds in Italy, he says, would be used to make new acquisitions in the car components, publishing or services sectors.

On April 19, Italy's Court of Cassation will rule on Mr De Benedetti's long-running battle to acquire SME, the state-owned food, supermarkets and restaurants group. If the outcome is favourable, Mr De Benedetti says, "we will sell the SME foods business to other Italian food companies and keep the distribution and restaurants divisions for ourselves."

"Then, once we have these service businesses, it would be interesting to buy Standa," he adds, referring to the nationwide retail store and distribution subsidiary of Montedison, which is expected to be among the assets put up for disposal by the debt-laden chemical group.

A BID by St Louis, the French sugar producer, to acquire the French subsidiary of Italy's Buitoni pasta and chocolates group was last night rejected by Mr Carlo De Benedetti, who last Friday sold the whole of Buitoni assets to Nestlé of Switzerland.

After a four-hour meeting in Geneva between Nestlé executives and aides to Mr De Benedetti, a joint announcement was made by the Italian and Swiss companies in which it was acknowledged that Buitoni had received a conditional letter of offer from the sugar producer.

"This offer, which arrived after the conclusion of the agreement between Nestlé and Buitoni, is meaningless," the joint communiqué stated.

Cerus falls short of La Générale majority

BY WILLIAM DAWKINS IN BRUSSELS

CERUS, THE Paris-based holding company struggling to gain control of Société Générale de Belgique, announced yesterday that it had bought another 3.86 per cent of the company but was still just short of gaining a majority stake.

The move means the two sides are even more solidly deadlocked than ever in the nine-week battle over Belgium's most powerful conglomerate and will intensify the pressure on them to reach a negotiated solution.

Cerus' latest purchases came as a result of its BFr8,000 per share offer for 7 per cent of the equity, which expired last week. It revealed yesterday that it had actually pulled in nearly 1.09m shares, worth BFr8.7bn ($246m) at the offer price.

The announcement created initial astonishment, since the new purchases were in theory enough to lift the 47–48 per cent stake claimed by Mr Carlo De Benedetti and his followers to just over 50 per cent – impossible to reconcile with the claim of La Générale's Franco-Belgian defenders that they still held on to 51.3 per cent or 50.7 per cent if all warrants were exercised.

However, Mr Alain Minc, chairman of Paris-based Cerus, admitted that around half of the share purchases came from existing allies of Mr De Benedetti. It is understood that they were attracted by the high bid price – worth around 2.5 times La Générale's net asset value – to profit from Mr De Benedetti's eagerness.

Cerus would not comment last night on exactly how much of La Générale it now owns. But if around half of the latest share purchases came from genuinely uncommitted investors – rather than existing Cerus supporters taking profits – the De Benedetti camp could have around 49 per cent of the company.

The increasingly bitter argument over whose counting is correct will only be resolved on April 14 at an extraordinary general meeting called by Mr De Benedetti. In the meantime, Mr De Benedetti is under pressure from the enormous amount of money – around BFr30bn, estimates one Brussels stockbroker – spent on an increasingly indecisive battle.

●Société Générale de Belgique yesterday reported a 22.1 per cent fall in profits for 1987 to BFr4.1bn ($116m) from BFr5.3bn.

The group said its share portfolio was worth BFr50.3bn at the end of the year, a BFr17.13bn increase over the previous year. That gives a break-up value of BFr3,178 per share – less than half the BFr8,000 at which the shares are valued in Mr Carlo De Benedetti's latest public offer.

UK COMPANY NEWS

PROFITS OF £282M SUBSTANTIALLY AHEAD OF CITY EXPECTATIONS

Bovis helps P&O to 58% rise

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

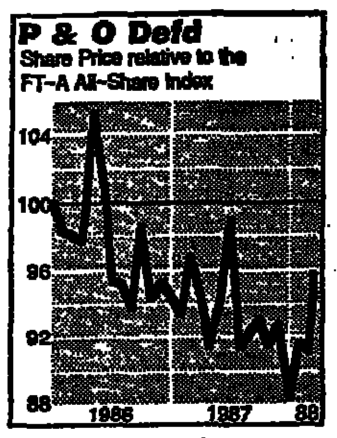
Peninsular and Oriental Steam Navigation, construction, property and shipping group, yesterday announced a 58 per cent increase in pre-tax profits, to £282m before profit sharing of £7.3m. Turnover was up 47 per cent to £2.9bn.

The improvement was substantially above City forecasts, which ranged from just over £250m to around £265m, and the £1 deferred shares put on 19p in early trading before closing 16p ahead at 605p.

Earnings per share were up 13 per cent at 47.1p. The board recommended a final dividend of 13p, totalling 22p for the year, an increase of 16 per cent.

The biggest improvement came from the housebuilding, construction and development division, which more than doubled profits at the operating level from £50.2m to £108.9m.

Both Bovis Homes and Bovis Construction had an outstanding year, benefiting from growth in private housing starts and commercial development.



In the service industries division, the Earls Court and Olympia exhibition halls and Sutcliffe Catering Group provided the foundation for an increase in operating profits from £51.7m to £70m.

Container and bulk shipping, principally the P & OCL subsidiary, improved from £44.7m to £52.4m, but this concealed a strong underlying performance, particularly in the Europe to Far East container trades.

Analysts said the improvement would have been substantially greater if P & O had translated US dollar earnings at average rates, rather than at the lower year-end rate.

The underlying strength of P & OCL's trading activities was underlined last month by an order for a new container ship from a Japanese shipyard. The group also took space recently in a major North Atlantic service to be launched by Sea-Land of the US.

Passenger shipping contributed £41.2m at the operating level, compared with £19.5m in 1986, when the Channel ferry operations, then owned by European Ferries, suffered a nine-week strike.

P & O said this subsidiary, now called P & O European Ferries, had a "difficult" year in the aftermath of the Herald of Free Enterprise disaster, when nearly 200 lives were lost.

Passenger volume was down, but two large new ships have been successfully introduced, and freight volume was maintained against strong competition. The figures are not affected by the current strike of P & O crews at Dover.

P & O Cruises, the group's other passenger shipping operation, was said to have benefited from restructuring, but also suffered from adverse exchange rate movements. The Royal Princess, one of the world's most expensive cruise ships, traded profitably in the North American market.

Investment property income was up from £45.6m to £55.1m. Total operating profits rose from £211.7m to £327.6m.

Sir Jeffrey Sterling, chairman, said: "1987 was a year of consolidation and development. We enter 1988 from a position of strength and I am confident of our ability to make further progress."

See Lex

The Pru disappoints with 17% profit rise

By Nick Bunker

FACTORS including reserve-strengthening against AIDS virus death claims meant that Prudential Corporation, Britain's biggest life insurer, disappointed the City yesterday with 1987 figures showing a 17 per cent rise in pre-tax profits to £242.4m.

The shares lost 13p to close at 868p, in spite of a 17 per cent increase in the total dividend to 34p.

Mr Brian Corby, group chief executive, stressed that AIDS death claims had been minimal so far but the possible final cost of AIDS was "a major uncertainty" for life companies.

The stock market's reaction also reflected initial confusion about a big change in accounting policy allowing Prudential to bring forward more investment gains into its profit-and-loss account.

From now on, the reported trading results of Prudential's non-life insurance operations will include realised and unrealised capital gains earned by its non-life insurance funds. At group level, pre-tax profits will include only realised gains, which are available for distribution to shareholders.

For the 12 months to December 31 1987, the policy change has added £36.4m to the group's pre-tax profits. Using its previous accounting technique, group pre-tax profits would have been £206m, up from £178.1m in 1986.

The new approach is similar to a policy switch made four years ago by Eagle Star, the composite insurer, which began taking credit for unrealised capital gains in its non-life profit-and-loss account after being taken over by BAT Industries.

Mr Corby said the change "would have no effect whatever on the way we manage our business." But the previous policy had "the effect of understating the contribution of general insurance to the overall profitability of the corporation," Prudential added.

Group pre-tax life and pensions profits rose 5.7 per cent to £153.9m on worldwide premiums of £3.62bn. Analysts at Barclays de Zoete Wedd, the stockbroker, had been hoping for pre-tax £175m.

Prudential has revised its life policyholder bonus rates in the UK, reducing payouts in the short term and thus hitting distribution to shareholders. The group has also declared a £7m loss in Prudential Holborn, its unit trust and unit-linked life subsidiary, due to reserve strengthening because of increasing expenses and AIDS.

On the non-life side, Prudential turned around its UK operations from a £5.4m pre-tax trading loss in 1986 to a £6.9m profit last year. Net claims arising from last October's hurricane totalled £18m.

See Lex

Core activities help Burton fashion a 19% rise in profits

BY NIKKI TAIT

Burton, the retail group whose outlets range from Top Shop and Top Man through Harvey Nichols to the Debenhams chain, yesterday rang up a 19 per cent increase in pre-tax profits to £108.8m in the half-year to February 27.

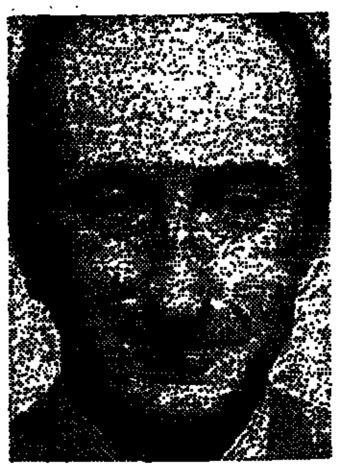
During the period, total sales increased from £680.9m to £795.6m – a rise of 16.8 per cent – although turnover from the on-going businesses rose rather more strongly, by 21 per cent to £788.7m. At the earnings per share level – on actual tax basis and using the average number of shares in issue – the improvements translate into an 18.3 per cent rise, at 12.9p. The fully-diluted figure works out at 12.2p.

The news was greeted with an 8p fall in Burton shares to 253p.

Overall, Burton concedes that there was a small drop in trading margins from 15.5 per cent 15.3 per cent, and says that cost inflation tended to outstrip price rises. However, Sir Ralph Halpern, chairman, points out that the figures were scored "in a period of uncertainty after the October stock market crash and in an economy in which retail sales grew by only 8 per cent."

Trading profits in the first half were £120.5m (£100.7m), with property development activities contributing about £7.5m (£5m).

The sharpest improvement came in the core activities – the non-Debenhams chains, which Burton now terms fashion multiples. These saw trading profits rise by 22 per cent to £72.7m, on sales 18.2 per cent higher at £465.1m. The margin, therefore, improved from 15.1 per cent to 15.6 per cent. About a third of the sales jump came from extra space; price inflation averaged 4 per cent; volume rises of about 7 per cent accounted for the rest of the advance.



Sir Ralph Halpern: figures scored in period of uncertainty

At Debenhams, trading profit was 16.3 per cent higher at £47.8m, but sales increased by a quarter to £323.6m pushing trading margins back to 14.8 (15.9) per cent. The figures, however, are affected by the dwindling role of concessionaire business. This has reduced from about 50 per cent when Burton took over, to about 34 per cent at present – and, according to Burton, the change in sales mix explains about one-quarter of the Debenhams turnover increase. Price inflation in the Debenhams stores was about 5 per cent.

During the first half, interest charges ate up £11m (£9.4m). Capital expenditure totalled about £85m (£67.2m) and some £190m is expected for the full year, of which £80m will go on Debenhams. The company says some property disposals are likely before the year-end, holding gearing at about the 40 per cent level.

However, Burton is shifting the emphasis of its Debenhams development - giving less space to major development in favour of more economical refits and updates. This, it says, will prune the cost of the three-year development programme from £220m to £180m. About 25 per cent of the chain has been developed and the company is aiming for 70 per cent by October.

See Lex

Clyde Petroleum holds recovery

BY STEVEN BUTLER

Clyde Petroleum, the UK independent oil company, continued to improve performance in the second half of 1987, with full-year pre-tax profits reaching £7.5m, compared to a pre-tax loss of £1m in 1986. Turnover rose from £22.5m to £36.8m.

The improvements were attributed to an increase in production, higher oil prices, and increased reserves, which allowed for a lowering of the per barrel amortisation rate.

Oil production rose by 22.7 per cent, although the improved revenues were partially offset by the weakness of the US dollar.

The year was marked by increased exploration efforts and considerable success, particularly in the Gryphon field (block 9/18b), in which Clyde has a 10 per cent interest. The field is thought to contain recoverable reserves of at least 200m barrels, and a number of appraisal wells are planned for this year.

Clyde's proven oil reserves increased during 1987 from 37m barrels to 60m barrels, and daily production rose from 9,316 barrels to 11,435 barrels. The company produced 896m cu ft of gas per day. The increases came despite a five month interruption of production in Ecuador due to an earthquake that damaged pipelines.

Net capital spending came to £41.5m, including acquisition of a 21.7 per cent stake in Goal Petroleum, another UK independent. This was funded mainly by cash flow, and a £12.2m equity issue. Net borrowings came to 13.4 per cent of shareholders funds, or £12.3m.

Clyde has not proposed a dividend for 1987, although an interim dividend is to be considered in September. Net profits came to £4.1m, after a 1986 loss of £3.3m and earnings per share were 2.8p against a loss of 2.7p.

• Comment

Clyde Petroleum proved two things last year – that it could bounce back after the severe shocks of 1986, and that it could find oil. Its rising production profile into the 1990s looks sound, providing higher prices for oil eventually materialise, and even at today's languid prices cash flow should be enough to fund a substantial exploration programme, with 25 to 30 wells in the works for the year. Borrowings are low and will be increased only to fund the development of production facilities at Wytch Farm. While the company has good prospects, this appears reflected in the share price.

MBS share placing to raise £22m

By Philip Coggan

MBS, microcomputer dealer, yesterday illustrated that its long period of reconstruction is starting to pay off. Pre-tax profits more than trebled last year and the company is taking the opportunity to launch a £21.5m equity placing to pay off its borrowings.

Two former directors of IBM UK, Mr Owen Williams and Mr Stafford Taylor, bought into the company in late 1985 after fierce competition in the microcomputer market had pushed MBS into the red.

The new team has spent the intervening period rationalising and restructuring the group, moving salesmen on to a profit-related, rather than sales-related pay structure and improving financial controls.

MBS has sold the software business of Alvecote Computers and withdrawn from the rental sector. Costs associated with disposals and with the reduction in value of the group's investments caused by the stock market crash have resulted in an extraordinary debit of £1.21m.

Previous figures have been adjusted to reflect the merger accounting of Combro, the rival dealer which MBS acquired last year. Pre-tax profits for the year to December 31 1987 were £5.15m (£1.59m) on turnover of £136m (£107m). Earnings per share more than doubled to 4.8p (2p) and the dividend is being doubled to 1p.

Samuel Montagu is fully underwriting the placing, through which MBS is issuing 29.8m new shares at 75p each. Existing shareholders will be able to "clawback" the issue on a two-for-five basis.

The proceeds will wipe out MBS' borrowings which left the company 114 per cent geared at the end of last year.

Boase Massimi passes £8m

Boase Massimi Pollitt, advertising and marketing services group, achieved a 59 per cent rise in pre-tax profits in the 12 months to December 31 1987 from £5.1m to £8.1m. Turnover surged 86 per cent from £97.3m to £180.6m.

The company is changing its year end to March 31 and the directors said yesterday that the final dividend for the full 15-month period would reflect this.

Operating income in the latest period was 81 per cent higher at £34.2m, against £18.9m. Earnings per share at 24.85p compared with 18.92p. The directors said that some 35 per cent of the operating profit was derived from its non-advertising activities, primarily from the Marketing Solutions consultancy.

The group's main UK advertising agency, the Boase Massimi Pollitt Partnership, had achieved unprecedented growth to become the UK's seventh largest agency according to a survey carried out by Campaign, the industry journal.

Ammirati & Puris, The New York agency acquired in June, was a major step towards the goal of becoming an international group. Since joining the group Ammirati had continued to win major clients.

Associated Nursing to join USM

Associated Nursing Services, a private health-care company, is joining the USM via a placing after postponing earlier plans to float because of October's stock market crash.

Credit Suisse Buckmaster & Moore has placed 400,000 shares, around 8 per cent of the equity, at 132p, valuing the company at £6.5m. The company is forecasting pre-tax profits of £380,000 in the year to April 2, putting the shares on a prospective p/e of just under 18.

ANS specialises in running residential and nursing retirement homes and plans to have 370 homes in operation by the end of the 1988/89 year. The company raised money via the Business Expansion Scheme in 1984.

Sharp rise in Gabicci profit

Gabicci, the USM-quoted designer, importer and supplier of fashionwear, reported pre-tax profits up from £382,000 to £928,000 on turnover increased from £5.44m to £13.27m for the six months to December 19 1987.

Earnings per 5p share increased by 35 per cent from 4p to 5.4p. The directors have declared an interim dividend of 1.4p (1.1p).

The figures included first-time contributions from Gransden Casual Wear and Shemesh Fabrics, clothing suppliers acquired last year.

Mr Jack Sofier, chairman, said the increase in groupprofitability was continuing.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Banner Homes § ....fin	1.3	Apr 28	-	1.3	-
Benchmark Group int	0.75†	-	0.75	-	1.63
Bilston & Batt§ ....fin	2.7	-	-	4.2	-
Bowthorpe ....fin	2.23	Jul 1	1.81*	3.28	2.7*
Burton Group ....int	2.4	July 22	2	-	7.2
GC Flooring § ....int	0.8	-	-	-	1.63
Gabicci ....int	1.4†	May 27	1.1	-	-
Geest ....fin	2.1	-	1	4	1
Hall Engineering....fin	7.4	May 20	6.02	12	10.05
Iceland Frozen ......fin	2.9	May 20	2.5	4.35	3.75*
Johnson Group ......fin	14.8	-	12.6*	18.6	16.1*
Lancaster ....fin	2.1	-	-	2.1	-
Lloyd Thompson ...int	1.65	Apr 29	-	-	-
Maunders (John) ...int	1.05	May 16	0.87*	-	1.9*
MBS ....fin	1†	-	0.5	1†	0.5
Stanley Miller ....fin	0.75	June 1	0.75	1.25	1.25
Mrs Fields§ ....fin	5.2$	-	2.25	7	3
P&O ....fin	13	-	11.5	22	19
Pleasurama ....fin	4	-	3.88*	6	4.88*
Prudential Corp ....fin	22.5†	May 25	19	34	29
Sharpe & Fisher ....fin	3	-	2.25	4	3
Strong & Fisher .....int	3.7	Apr 29	3.5	-	10.5
Tay Homes § ....int	2.07	-	1.77	-	6.2
Trinity Int ....fin	18	-	16	25	21
T & S Stores ....fin	1.3	-	1.05†	2.1	1.75†
Waterford Glass ....fin	1.68♣	May 27	1.68	2.88	2.88
Wolstenholme ....fin	6.25	May 11	6.25	10.25	9
Arthur Wood ....fin	3.5	-	2.5	3.5	2.5
WSP Holdings § ....fin	0.8	May 25	-	0.8	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ♣Irish currency. $ US cents.

TI to sell tube-making interests to British Steel

BY NICK GARNETT

TI Group is selling its shareholdings in two joint venture tube-making operations to the British Steel Corporation,its partner in these businesses.

The two businesses, Cold Drawn Tubes and Seamless Tubes were put together in the early 1980's from TI and BSC interests as part of the rationalisation of tube-making in the UK.

The corporation is paying £4m to buy out TI's interests, with the deal expected to be completed next month.

TI has 75 per cent of Cold Drawn Tubes and 25.5 per cent of Seamless Tubes. The two businesses have production sites at Corby, Northants and in the West Midlands.

The deal will mark the withdrawl of TI from commodity tubes, in line with the company's general programme of concentrating on specialist engineering products.

TI will still have six other tube companies manufacturing a range of products including golf shafts, gas cylinders, lightweight bicycle tube and stainless tube for the nuclear industry.

The corporation said that bringing the two businesses under its sole control would help them compete more effectively in UK and world markets.

Both produce small and medium diameter seamless tube and are operating at a profit.

Wolstenholme improves 13%

Wolstenholme Rink, printing materials manufacturer, raised pre-tax profits by 13 per cent from £2.66m to £3.01m for 1987 on turnover up from £28.86m to £32.02m.

The directors said the progress made at Wolstenholme Bronze Powders would have been even better but for unfavourable currency movements and the loss of a major UK customer due to the company's decision to make its own offset metallic inks. This had been offset partly by sales for a new use of bronze powder in the area of military defence.

Both Omnicrom companies, in the US and the UK, made further losses. Sales on the Continent and the US were disappointing, however current sales levels were much improved and both companies were budgeting small profits in 1988.

However, Charles Openshaw & Sons continued its strong growth and Agaprinta Griffin's, acquired in 1986, was successfully consolidated.

A final dividend of 6.25p is recommended, making 10.25p (9p) for the year.

OIS announces post-bid management changes

BY STEVEN BUTLER

MR PAUL BRISTOL is taking over as deputy chairman and chief executive of Oilfield Inspection Services following his participation within the consortium which successfully bid for the company.

Mr Alan Cull resigned as chairman of the company following a fight against the bid, although he will remain executive director.

The former board of the company, however, was lukewarm about the change in management and the company's directors have accepted the consortium's offer in respect of their own shareholdings, which amount to 8.1 per cent of the company.

It advised that shareholders should also consider accepting the offer if they are uncertain about the prospects of the OIS group, although it reiterated its stance that the offer does not adequately reflect the company's prospects.

The new OIS chairman is to be Mr John Hannam, the MP for Exeter and chairman of the Backbench Energy Committee.

OIS is a non-destructive testing and inspection company. It was hit badly by the downturn in North Sea exploration during 1986 and is diversifying into non-destructive testing in nuclear and other industries.

Mr Michael Oates and Mr Bernard Yates, who supported the bid by selling their stakes in OIS to the bidding consortium, resigned as directors of the company.

T&S Stores lifts profits by 35%

Sales and profits surged at T & S Stores, tobacco and confectionery retailer, in the year to January 2 1988. Taxable profits rose 35 per cent from £1.8m to £2.43m on sales up 41 per cent from £67.9m to £95.9m.

The recommended final dividend of 1.3p raises the year's total from 1.75p (adjusted) 2.1p.

The current year had started with sales increases in all departments.

Lloyd Thompson up to £2.4m

Lloyd Thompson Group, insurance broker, increased pre-tax profits from £1.96m to £2.36m for the half year ended December 31 1987. Turnover moved ahead to £5.63m against £4.35m.

The directors have declared an interim dividend of 1.65p. Earnings were 6.13p (5.32p) undiluted and 5.21p (4.58p) fully diluted.

Banner Homes surges to £1.5m

Banner Homes Group, the construction company that came to the USM last October, announced a sharp rise in pre-tax profits from £299,000 to £1.5m on turnover up from £3.41m to £8.58m) for the year to December 31 1987. Earnings per share advanced from 2.6p to 9.4p. The directors proposed a dividend for the year of 1.3p.

The directors said the figures compared favourably with the October forecast, of not less than £1.25m, and that the turbulence in the financial markets at the time of the issue had not interrupted the group's programme.

WSP beats forecast

Profits surged ahead at WSP Holdings, consulting engineer, in the year to December 31 1987. The taxable figure of £421,000 beat the forecast of £375,000 made at the time of its USM debut in October and compared with £156,000 the previous year.

A figure of £2.12m stated for work executed – representing turnover adjusted for the movement in work in progress – compares with £1.67m previously.

The directors recommend a final dividend of 0.8p, which exceeds the 0.7p forecast.

Restructuring and crystal problems hit Waterford

BY ANDREW HILL

RESTRUCTURING costs and a disappointing performance from the core crystal division sent Waterford Glass Group into the red in 1987.

The Irish company, which owns the Wedgwood china concern, lost I£10.3m (£8.9m) before tax in the year to December 31, compared with pre-tax profits of I£23.3m in 1986. After tax and extraordinary losses connected with restructuring, the company lost I£47.8m.

In the crystal division 1,005 people accepted redundancy terms, compared with the company's estimate of 750. A further 986 lost their jobs at Wedgwood.

Lower crystal sales in the US, the weak dollar's effect on tourist sales in the UK and the Irish republic and second half supply difficulties caused losses of £18.7m in the crystal division, against profits of £17.8m before tax in 1986, but Wedgwood turned in record trading profits of £25.1m in its first full year.

Voluntary redundancy and retirement payments, as well as productivity payments for the remaining workers cost £35m, taken below the line. This was slightly offset by £5.1m gained on the sale of Aynsley China in December.

Waterford took the £14.8m cost of lost production and stock provisions as an exceptional item. Mr Anthony Brophy, finance director, said yesterday that these losses were caused by the upheavals between September and the year-end when the workforce was considering the company's redundancy terms and then redeployment after 1,000 workers had left.

The company also took the opportunity to introduce new equipment and working practices: Productivity payments connected with this cost £7m.

Turnover at the company increased to £282m (£131m). Borrowings were up to £84.3m (£67.3m), with gearing of about 91 per cent.

Losses per share were 4.33p against earnings of 8.62p per share in 1986. The company is recommending a final dividend of 1.68p, making 2.88p for the year, unchanged from 1986.

● comment

Waterford has deliberately sacrificed its 1987 results to guarantee a brighter future and now predicts a clear run with the help of its two brand names, probably the company's biggest assets. However, there is some understandable short-term nervousness about this bull in a china shop. Dollar exposure, reduced from 48 per cent to 30 per cent as a result of the Wedgwood acquisition, could still upset this year's figures. Gearing of 91 per cent looks unhealthy in anyone's books, though Waterford promises a reduction to 60 per cent by the year-end. That said, Wedgwood is providing strong support for the crystal division, which still looks fragile, and in a good year china and crystal will split profits 60:40. The benefits of restructuring may affect the second half, bringing in profits for 1988 of anything between £37m and £50m. The upper forecast would put the shares, unchanged in London yesterday at 73p, on a prospective p/e of about 9, but it is probably too early to buy for recovery.

Wickes raising £28.7m

By Michael Smith

Wickes, the home improvement retailer, yesterday launched a rights issue to raise £28.7m. Investors will be offered two shares at 225p for every seven ordinary held.

Mr Henry Sweetbaum, chairman, said that after the rights issue the company would be cash positive. Gearing presently stands at 17 per cent, if convertible shares are excluded, and at 64 per cent if they are included.

The company will use the proceeds of the issue to strengthen its financial base and provide long term funds for its investment programme.

Holders of convertible unsecured loan stock will be offered two new shares for every £16.52 nominal. The loan stock is convertible in two years. Shares in the company fell 14p to 260p.

Stanhope Properties profits up sharply

Stanhope Properties, briefly the largest company on the Unlisted Securities Market after its flotation in the week before Black Monday, yesterday reported pre-tax profits of £1.3m (£0.7m) for the six months to the end of 1987.

Turnover rose from £1.2m to £1.63; operating profits declined from £636,000 to £498,008; the share of profits from related companies was £500,000. Interest receivable on the flotation proceeds contributed a net exceptional credit of £328,000.

Pennine Optical flotation details

Pennine Optical has announced details of its flotation on the Third Market. Charlton Seal is placing 800,000 shares at 50p each, valuing the company at £1.4m.

Pennine, which assembles spectacles and imports frames, made profits before tax of £122,000 in 1987. Ignoring directors' additional pension contributions, the historic p/e at the placing price is 11.

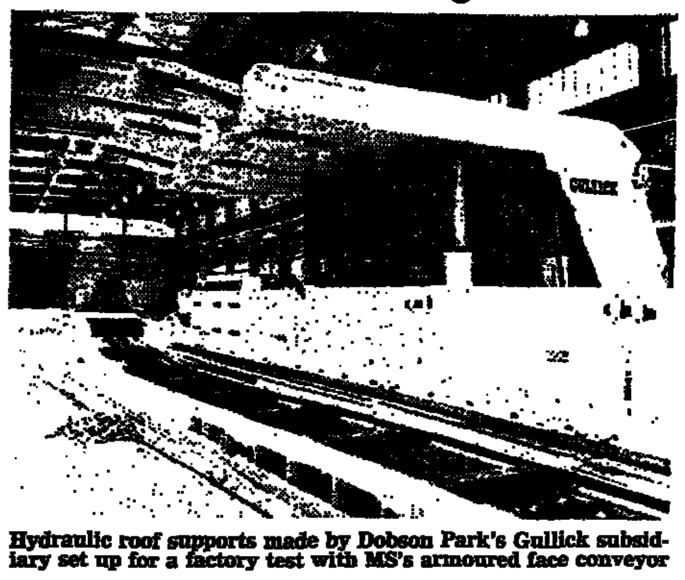
Clay Harris on the final stages of Dobson Park's bid for MS

Outcome is finely balanced

THE FINAL days of the takeover battle for MS International are taking on a drama out of all proportion to the £33m value of the bid by Dobson Park Industries – or even the likely impact of the outcome on the British mining equipment industry, in which both companies are important players.

The bid, which closes on Friday, is finely balanced. Dobson Park has bought 22.5 per cent of MS in the market, almost exactly the proportion held on the other side by MS's directors and pension fund, the wife of its founder and County NatWest, its merchant bank.

At 127½p yesterday, even the MS share price was hovering tantalisingly close to Dobson Park's 130p cash offer. Even though this would normally point to success for the bid, it could also reflect recent suggestions by some stockbrokers that the current bullish outlook for MS might help the shares to avoid a sharp fall if the bid fails.



Hydraulic roof supports made by Dobson Park's Gullick subsidiary set up for a factory test with MS's armoured face conveyor

The defence received another boost yesterday when Mr Chris York of stockbroker Citicorp Scrimgeour Vickers said Citicorp clients holding a total of about 15 per cent of MS were extremely unlikely to accept Dobson Park's offer.

Although Mr York has been close to MS for years, dating from his previous work for the company's broker McCaughan Dyson Capel Cure, his views are representative of those on one side of the City battle line: Dobson Park's case has not been proven, and its price is not high enough.

On MS's pre-tax forecast of £3.75m for the year which ends on April 30, Dobson Park's offer would represent an exit p/eof 12.4. This, says Mr Tim Harris of Phillips & Drew, is an average market multiple and does not represent a premium for control.

Dobson Park, however, has won a healthy chorus of support for its arguments. The combination of its hydraulic roof supports and belt conveyors with MS's armoured face conveyors would create a second UK integrated mining equipment supplier (after Dowty Group) with important marketing benefits.

Of itself, combination would not, however, lead to further rationalisation in the UK mining equipment industry. The two companies do not actually compete on any products – although Dobson Park plans shortly to launch an armoured face conveyor, an outgrowth of its acquisition of Fletcher Sutcliffe Wild from Booker McConnell (now Booker) in 1983.

Manufacturing and sales overheads could be reduced, of course, and the acquisition would allow Dobson Park to gain the benefit of British Coal's increased spending on armoured face conveyors. Expenditure on the more expensive roof supports has already peaked.

Moreover, Dobson Park's stronger balance sheet would give a more secure platform for earnings growth which has been erratic in recent years at MS.

At the same time, Dobson Park contends, MS's non-mining interests, including defence electronics and specialised casting, would help it to continue to diversify away from dependence on a shrinking mining equipment market. In recent years, Dobson Park has moved into industrial electronics, power tools and toys.

As it applies to MS, however, this argument is largely an afterthought. Dobson Park originally wanted only the mining business. Its full bid was launched in January, only weeks after MS rebuffed its latest approach on this front. The two companies have discussed the possibility of co-operation almost yearly since the late 1970s, when the best chance of merger foundered as much on personality as on price.

(If the companies have never really got on, this may be traced back to MS's foundation as Mining Supplies nearly three decades ago by Mr Arthur Snipe, a former service engineer for one of the companies which later combined to form Dobson Park and father-in-law of the present chairman, Mr Michael Bell. MS employees have also moved to join Dobson Park.)

The story is unlikely to be over even if Dobson Park falls short on Friday. It would retain at least 22.5 per cent of MS, the base for a future bid or for more serious discussions about buying the mining division.

At MS, meanwhile, mining is the least profitable activity and faces a long-term squeeze on margins which is outside the company's control. The group's attachment to its original business should not be over-estimated.

If firm US orders for the stabilised gun mount arrive to confound charges that the defence electronics division is too dependent on one product, and to forestall new fears that MS would be a directionless shell without mining, the group might greet future offers for the mining side with a more open mind.

John Williams after more funds

BY NIKKI TAIT

John Williams, the Welsh foundry and steel-stockholding group where neighbouring Wyndham Group already plans to make a £1m cash injection in return for a sizeable shareholding, yesterday unveiled proposals to raise an additional £1.76m through a rights issue.

The money will provide further "urgent capital", which has apparently been shown to be necessary after a review by the company's auditors. The auditors' review disclosed trading losses for the foundry of £235,000 in the four months to end-January after interest charges of £79,000, plus an additional exceptional loss of £276,000.

The rights issue involves 7.033m new shares which are being offered on a one-for-one basis at 25p. The Wyndham subscription for 4m new shares will go ahead at the same price. However, Wyndham's stake in Williams will now be only 22 per cent, with Mr Brian Brownhill, chairman of both companies, holding a further 3.87 per cent. This compares with the previously-envisaged 40 per cent level.

Yesterday, Mr Brownhill said the combined fund-raising would clear Williams' debt and leave it with around £1.4m cash. Some of this would go on the foundry operations, but he also said there were a number of commercial investment property deals lined up. Trading results at the foundry for February and March had been more favourable.

Shares in Williams eased 3p to 31p yesterday.

Woodchester bid goes unconditional

Woodchester Investments declared its bid for Moorgate Mercantile Holdings unconditional after receiving acceptances for 61.9 per cent of shares in the leasing and instalment credit group. Woodchester, Irish-based leasing subsidiary of British & Commonwealth Holdings, owned 29.9 per cent of Moorgate before launching the agreed £38m bid.

Munton Brothers deal

Munton Brothers, the Ulster shirt maker whose shares were the worst performing in London in 1987, losing 96 per cent of their value, is to pay £650,000 in shares for UK garment processing, warehousing and distribution operations owned by Winsford Textiles and Selber.

Munton is also to raise £750,000 through a share issue, also priced at 45p. Shareholders will be able to buy the shares through a one-for-four open offer. Proceeds will be used for working capital and to fund a possible small cash acquisition.

The company said benefits of rationalisation and reconstruction were reflected in current trading. Spring and autumn orders were significantly stronger than for the same period last year.

BWD coming to USM

BWD Securities, Yorkshire-based stockbroker, is coming to the unlisted securities market with a placing and offer for sale which will capitalise the company at £8.9m. It is believed to be the first independent UK stockbroker to be floated, and the move comes just five months after last October's market crash.

BWD's core activity is stockbroking and portfolio management principally on behalf of private clients in the north of England. It was formed in 1979 through the merger of A Dawson with Battye & Wimpenny. Mr Christopher Broadbent and Mr Michael Woodhead became sole partners in 1980.

The company is placing 2.5m shares - mainly with institutions - and offering 1.5m for sale. At the 95p offer price, BWD is valued on an historic price earnings multiple of 7.6 times on the basis of earnings per ordinary share of 12.4p for the year ended November 30, 1987.

The placing and offer will raise £2.1m for the company, which will be used to repay loans amounting to £490,000, as additional working capital and for future capital expenditure.

Brokers to the issue are CL-Alexanders Laing & Cruickshank.

Bula in £1.3m acquisition

Bula Resources (Holdings) is to pay £1.33m in cash and shares for certain oil and gas assets owned by Highland Participants, Mr Peter de Savary's energy vehicle. Both companies are quoted on the USM.

Included in the deal, which must be approved by the Energy Secretary, are a 1 per cent working interest in the Buchan Field and interests in six offshore and five onshore UK licences.

The transaction would also double to 20 per cent Bula's interest in a Dutch onshore drilling permit application in the Donkerbroek area.

Peachey acceptances

Peachey Property, which raised its contested cash offer for Estates Property Investment Company to £63.4m on Monday, yesterday confirmed that it had received acceptances in respect of 7.61m EPIC shares by 3pm on Monday afternoon, and has acquired 75,000 shares for which it has received valid cover.

The company has also acquired another 1.89m shares (7.8 per cent) for which cover has yet to be received. Assuming this comes through, the total control would be 39.3 per cent.

UK COMPANY NEWS

Beazer surges on housing buoyancy

BY PHILIP COGGAN

Beazer, the UK housebuilding and construction group currently making a $1.8bn (£975m) bid for US aggregates group Koppers, yesterday reported a 74 per cent jump in interim pre-tax profits, reflecting the buoyancy of the UK housing market and the recent acquisition of Gifford-Hill.

Koppers said last night it was rejecting Beazer's increased $56 per share offer.

Beazer's profits before tax in the six months to December 31 were £42m, up from £24.1m in last year's first half, whilst fully diluted earnings per share rose 30 per cent to 9.05p (7.54p).

About half of the group's trading profits came from the homes and property division which increased profits from £18.2m to £27.8m.

In the UK, both the number of house completions (2,635 against 2,354) and the average house price (£55,400 against £45,900) rose substantially. House completions in the US more than doubled from 173 to 388.

Mr Brian Beazer, chairman, said he had been warned at the time of the stock market crash in October that land and houses would be given away within six months. "The reverse has been the case" he said, adding that the Budget seemed to promise continuing success in the housebuilding industry.

Building materials profits more than doubled to £20.4m (£7.8m) thanks to the acquisition of Gifford-Hill, a US cement group, which Beazer bought in 1986.

Profits from contracting also increased - from £4.8m to £5.6m - and the division has a full order book across most areas.

The interim dividend is being increased to 2.1p (1.75p) per share.

● comment

It's not every day that companies see their share price fall after recording a 74 per cent profits increase - but then Beazer is not an everyday stock. Normally, attention would be focused on the booming UK housing market and the integration of Gifford-Hill but the company's offer for Koppers is proving a fatal distraction for Beazer's share price. The City has grown distinctly cynical about highly-leveraged bids and whether the debt is off or on Beazer's balance sheet is in the long term irrelevant. What really matters is the effect of Koppers on earnings per share and many analysts have doubts that the sums add up. Even if the bid fails, and Beazer makes a profit on its share stake, the market is unlikely to be satisfied. Speculation will inevitably start to centre on whether Beazer will then look for another large target. Although pre-tax profits may reach £105m for the full year, the shares, down 2p to 180p, are unlikely to improve on their current prospective rating of 9.

Brian Beazer – house completions rose substantially

Bowthorpe advances to record £32.5m

Bowthorpe Holdings, the West Sussex-based holding company with interests in the manufacture of electronic components reported record pre-tax profits for the 12th consecutive year with 1987 figures of £32.52m compared with £28.01m, an increase of 16 per cent.

The total dividend is given a 21 per cent boost to 3.277p (2.7p) net with an increased final of 2.227p. Stated earnings per 10p share improved from 11.72p to 13.16p.

Sales by overseas subsidiaries continued to grow and reached £100.05m – 57 per cent of the group's total which rose from £145.47m to £162.64m, excluding intra-group and related companies.

UK subsidiaries achieved record total sales, but certain parts of its defence business continued to experience difficult trading circumstances with both a fall in orders and related profits, said the directors.

Currently, there was little improvement in this sector, but they added the reliance on defence work was decreasing while sustained progress was being made in other industrial and commercial markets.

The group's related companies improved on their 1986 performance and £2.19m (£1.79m) was consolidated into group accounts.

During 1987, the group continued to generate cash and it raised £43.07m net of expenses from the rights issue. Net liquid funds at the close of the year were substantially higher at £52.63m compared with £16.31m at the end of 1986.

Looking ahead, the directors said: "Our aim is to continue the growth that we have achieved over the past 12 years. The order intake, sales and trading profit for the first two months of the current year are higher than for the comparable period of 1987.

"We will continue with our basic strategy which is to identify niche markets in the electrical and electronics sectors."

Group tax for the year was £12.52m against £11.07m. Minorities took £1.47m (£1.03m) and dividends, £4.87m (£3.6m).

● comment

Bowthorpe has performed so well for so long, despite the travails of the electronics sector, that it was inevitable that its results would be judged by exacting standards. Although these figures were bang in the middle of analysts' forecasts, the strength of sterling will obviously affect a company which has 57 per cent of its sales abroad. Coupled with further evidence of flat demand in the defence sector, still 24 per cent of sales, and the news was enough to knock 6p off the share price to 173p. The company continues to have sound management and have strong positions in niche markets and its long term prospects are thus good. Short term, however, unless sterling changes direction sharply, the prospective rating of 12, assuming £40m pre-tax this year, looks high enough.

Iceland Foods rises 41%

By Andrew Hill

Iceland Frozen Foods Holdings, the frozen food retail group, increased pre-tax profits 41 per cent to £7.23m for the year to January 2, against £5.11m in 1986.

The company opened 38 stores during 1987, including relocations and acquisitions, and was trading from 164 sites at the end of the year. Despite poor summer weather, sales at existing stores were up 10 per cent and group turnover rose to £158m (£116m). Earnings per share were up 31 per cent to 17.21p (13.15p).

Mr Malcolm Walker, chairman, anticipates similar growth in 1988. He said yesterday that the frozen food market in the UK was growing at 5 per cent a year, fuelled by the popularity of convenience food, Iceland's speciality.

Iceland made three acquisitions of small frozen food chains in September and October. Mr Walker said the company would now expand through the purchase of individual retail sites and during 1988 Iceland hopes to buy between 25 and 30 new stores, mainly in High Street sites.

The company is opening a new £8m computerised cold-store at its headquarters on the Welsh border near Chester which will be able to service 400 stores and hopes two thirds of Iceland stores will have electronic point of sale and bar code scanning equipment by the end of the year.

The directors have recommended a final dividend of 2.9p making 4.35p (3.75p) for the year.

● comment

Mr Malcolm Walker longs for a new ice age when every household will have a tiny fridge freezer and a microwave. He places his faith in convenience food and is convinced the days of buying half a cow and storing it in the chest freezer in the garage are numbered. Hence Iceland's continuing strategy, now backed up by new technology, of developing new readymade meals and buying small High Street stores. This may push gearing as high as 40 per cent by the end of the year, worth it if Iceland can sustain last year's gain in market share, from 3.5 to 4 per cent, which was among the best from any foodstore chain. In the longer term computerisation should further improve Iceland's figures but will not benefit the company in 1988, when it is expected to return pre-tax profits of about £9m. This puts the shares – up 2p at 324p yesterday – on a prospective p/e of about 16, a well-earned premium to the food sector.

Strong & Fisher 23% higher

BY NIKKI TAIT

Strong & Fisher, the fashion leather manufacturer, yesterday unveiled a 23 per cent increase in first half profits at £3.22m before tax in the six months to December 25 1987.

During the period, sales rose by 76 per cent to £54m, split into £31.8m from leather operations and £22m from other business. Earnings per share improved by 19 per cent to 13.8p. The interim dividend is raised from 3.5p to 3.7p net.

The figures partially reflect the purchase of certain leather interests from The Union International – the private holding company for many of the Vestey family interests – last September, which have been acquisition-accounted.

Yesterday, Mr Richard Strong, the company's managing director, declined to break out this contribution. In 1986, these businesses made full-year profits of around £1.8m on sales of £36.2m.

Strong & Fisher, however, does say that it believes the impact of October's stock market crash is now largely over. It conceded that "loss of consumer confidence" dented demand for its upmarket fashion leathers in the late autumn, and that repeat autumn/winter business was dull. Demand for spring 1988 was also affected by the recessionary fears.

However, since then matters have brightened considerably – "the group's new collection of leathers for winter 1988 has been well received," comments Strong, "and substantial orders have been booked."

The sharp rise in sheepskin prices has also been passed on fairly successfully, according to Mr Strong. Although he concedes that prices of Strong's quality clothing leathers have risen by over one-third in dollar terms, the company reports that prices are being achieved with no loss of margin.

Pre-tax profit was after interest of £332,000 (£751,000). But the company says that gearing, which rose to around 55 per cent after the Union deal, should fall to about 50 per cent by the year end.

Near tenfold jump for Hunter

BY PHILIP COGGAN

Hunter, the timber products group, showed yesterday why it was the best performing large company share of 1987, with a near tenfold increase in pre-tax profit to £14.6m and a near trebling of earnings per share.

The company, which is 74 per cent owned by foods group Hillsdown Holdings, has been transformed by a series of acquisitions including timber importers Mallinson-Denny and May & Hassell.

Mr John Jackson, a director, said that conditions in the building sector were extremely buoyant and the company had been able to cut costs by reducing stock levels and by reorganisation. He still hoped for substantial savings via further rationalisation of the group's timber businesses.

May & Hassell achieved record profits and Mallinson-Denny expanded strongly. Sales at Hunter Plywood topped £40m for the first time, whilst Christie and Vesey passed the £10m sales target. Dom Holdings, the fittings manufacturer acquired during the year, made a small net profit in the second half.

Trading profits for the year were £25m (£2.3m) on turnover of £458m (£41m) and after net interest payable of £10.4m (£800,000), pre-tax profits were £14.6m (£1.5m). There was an extraordinary credit of £945,000 relating to the disposal of Beresford and Hicks and Boston Farming. Earnings per share were 61.7p (21.9p).

The final dividend is being increased to 10p (3p) making a total of 12p (3p). Hunter is proposing a three-for-one scrip issue.

Johnson Cleaners grows to £11.6m

BY DAVID WALLER

Johnson Group Cleaners, the UK's largest dry-cleaner with 730 shops, increased pre-tax profits by £1.6 per cent to £11.61m in the year to December 26.

Excluding the effect of acquisitions and exchange rate movements, organic growth accounted for £1.58m of the £4.3m increase in trading profits, up at £13.15m. A pension fund holiday boosted the trading result by £481,000.

But for adverse exchange rate movements, operating profits would have been £330,000 higher and turnover of £101.8m better by £2.8m. Following a series of acquisitions in recent years – the latest in January this year – the US accounted for 29 per cent of turnover and 25 per cent of trading profits.

Dry cleaning profits were £9.2m (£7.89m) on turnover of £70.78m; the textile rental business advanced by £1.3m to £4.32m (£3.01m) on turnover of £31.03m (£25.03m).

Earnings per share rose 27.4 per cent to 38.98p and the dividend by 15.5 per cent to 18.6p. Interest payable dipped from £2.59m to £2.04m.

Hall Eng boosts profits with land sale

BY DOMINIQUE JACKSON

Hall Engineering (Holdings) saw pre-tax profits rise 66 per cent from £5.52m to £9.16m in the year to end December 1987, the 175th anniversary of the company's founding.

Before exceptional items of £1.4m, most of which were related to profits from the sale of surplus land at Stafford, the increase in profits was 24 per cent.

After taxation of £3m (£1.9m), earnings per share were 42.51p (24.82p).

Mr Alastair Smith, finance director, said the current year had started well with all group companies experiencing high levels of activity.

During the year, the group acquired a 75 per cent stake in C.B.A. (Metals), the Sussex-based multi-metal stockholder, at a cost of £2m. The company has an option to acquire the remaining 25 per cent.

Notwithstanding the acquisition, the group managed to reduce net borrowings in the year, bringing gearing down to 8 per cent, compared with 22 per cent a year earlier.

The directors are recommending a final dividend of 7.4p per share which, together with the interim dividend of 4.6p paid in November, makes a total for the year of 12p per share (10.05p).

Turnover in the year rose to £135.5m from £128.5m.

In the current year, the group has disposed of the Sheffield-based tool division of its Hall & Pickles offshoot.This was for £3.11m cash to Hydra Tools International.

The company also acquired 75 per cent of the shares in Norburn Engineering from its former chairman and as with C.B.A., Hall has an option on the other 25 per cent.

● comment

Leaving exceptionals aside, Hall's results were at the top end of City expectations and the shares closed 5p higher at 335p. The company continues to quietly impress with steady growth, accompanied recently with a handful of sound moves, both helping to streamline the group and clearing up the balance sheet. Although gearing is now down to a respectable 8 per cent, it could creep up later in the year, largely due to the substantial investments, including new state-of-the-art equipment, the company plans to make this year. The group is nonetheless still keen to make acquisitions and these will probably be companies in the steel stock holdings and metal processing sector, along the lines of C.B.A. and Norburn. Current forecasts for £9m give a prospective multiple of around 9 which, although not as cheap as this time last year, still seems marginally undervalued.

Interest charge slows Pleasurama growth

BY FIONA THOMPSON

Pleasurama, the leisure group, yesterday reported a 23 per cent rise from £39.3m to £48.5m in 1987 group trading profits, despite a marginal downturn in profits from its London casinos.

Although this indicates the company is succeeding in its stated aim of decreasing its dependence on London casino earnings, the profits increase falls to just 5 per cent on a pre-tax basis - £44.3m in 1987 compared with £42.3m the previous year.

The 1986 pre-tax figure was boosted by £3m from the sale of the arcade division, while last year's total carried a £4.4m (nil) interest payable charge. "Second half trading in London casinos was buoyant," said Mr Warren Tuddenham, managing director. But the flat first half at the five clubs – the Clermont, Maxims, the Gloucester, the Victoria and the Connoisseur - because of the absence of high rollers from the Gulf, meant operating profits for the year from this division slipped from £13.6m to £13.4m.

"When you operate casinos at the top end of the market there is a certain amount of volatility," said Mr Tuddenham, explaining why Pleasurama was diversifying. Mr Nat Solomon, chairman, added that it was "because non casino earnings are rated more highly by the stock market than casino earnings."

Of the other five divisions, provincial casinos contributed £6.7m (£5.7m), hotels and holidays £9.3m (£6m), amusement and other machine hire and sales £11.7m (£10.9m), catering and general leisure £4.3m (£800,000), and property operations £3.1m (£2.3m).

Acquisitions contributed about £3m to profits last year. The company paid £63m for President Entertainments, with 65 restaurants, in October, a month after buying 36 discotheques from Whitbread for £23m. The acquisition of the Thermae Palace Hotel in Ostend marks the company's initial move into continental Europe, "and we are looking for more, in France and Belgium especially," said Mr Tuddenham.

Turnover rose from £191.8m to £241.2m. The tax charge was £14.1m (£14.9m). Earnings per share increased from 12.8p to 13.8p and a final dividend of 4p was recommended, making a total for the year of 6p (4.9p).

● **comment**

These results were slightly ahead of City forecasts, the dividend increase was more than expected and the shares closed 6p up at 192p. Though London casino profits picked up in the second half, the volatility of this source cannot be disguised and the company plans that this division's contribution to profits should drop from the present 28 per cent now to less than 15 per cent by 1990. Significant growth is expected from the hotels and holidays division and catering and general leisure. The latter especially should show a big expansion with a full year's contribution from the Whitbread and President acquisitions. Forecasts of about £59m for this year produces a prospective p/e just under 12.

Store closures hit profits at Mrs Fields

BY DOMINIQUE JACKSON

A RADICAL store closure programme knocked pre-tax profits at Mrs Fields, the USM-quoted US cookie company. The shares dropped sharply on the announcement that profits rose 3 per cent to $17.7m (£9.67m) from $17.1m in the year to end December 1987.

Mr Randall Fields, chairman, said the company planned to merge with La Petite Boulangerie (LPB), the troubled bakery chain which Mrs Fields Holdings, the parent company, acquired last year from Pepsico.

The integration of LPB will necessitate comprehensive store rationalisation, for which $5.2m was written off in the results.

A total of 55 stores, which are either unsuitable for new frozen dough baking technology, have duplicate locations or have underperformed, will be sold or closed at a cost of $2.5m in 1987 and around $2.5m in 1988.

The acquisition of LPB, plus a series of tax break investments by parent company Mrs Fields Holdings reduced the company's tax charge for 1987 to nil.

Selling, general and administrative costs, at $53.6m ($39.4m) were up by 5 per cent as a percentage of sales.

Mr Fields said this figure included $3.2m costs incurred developing computer systems.

Mrs Fields will pay $15m of non-dividend paying redeemable preference stock for LPB and, in order to protect earnings, the parent company will indemnify losses for a period of 36 months.

The board recommends a final dividend of 5.2 cents, making a total of 7 cents for the year (3 cents).

● **comment**

Mrs Fields has been grappling with a severe image problem since its disastrous USM debut in 1986. Although its cookies appear to be gaining fans in Britain, the company may have more problems in winning over investors who found yesterday's announcement less than palatable. Any company which insists quality standards are too high to permit franchising exposesitself to management problems most international chains happily delegate. However, Mrs Fields has yet to prove that the way to circumvent these constraints is with such phenomenal investments in training and systems. The LPB merger is another enormous consideration which will essentially alter the nature of the business and although the rationale behind the move seems sound, it may be a few years before the current substantial write-offs and investments are transformed into tasty profits. Current year forecasts for $23m give a prospective multiple of around 14.

Debbi Fields, chief executive

Trinity Intl. advances to £11.5m

Trinity International Holdings, the Liverpool-based newspaper publisher and paper and packaging manufacturer, increased pre-tax profits by 16.7 per cent to £11.47m for the year to December 26 1987.

The rise, from £9.83m, was on turnover of £90.1m (£83.7m), an increase of 7.6 per cent. Earnings per share rose from 54.3p to 63p.

A final dividend of 18p (16p) is recommended making a total for the year of 25p (21p).

The directors said improved earnings in the UK newspaper division were the main factor for the sixth successive increase in group profits, although increased efficiency and productivity made significant contributions throughout the group.

The papermaking and packaging division was the largest contributor to group profits, its £5.12m was just ahead of last year's record £5.1m.

The US division also showed a slight increase, from £3.33m to £3.44m.

The directors predicted another sound year's trading but warned of the possibility of pressure on prices in the papermaking sector as increased capacity becomes available within the UK over the next 12 months.

Geest tops £14m despite climate

BY DAVID WALLER

DROUGHT AND hurricane failed to prevent Geest from increasing its 1987 pre-tax profits by two thirds. The banana importer and fresh fruit distributor yesterday reported taxable profits ahead by £5.6m to £14.14m.

The pre-tax result was flattered by a £3.16m profit on the sales of land and building offset by restructuring costs of £1.6m, making a net exceptional credit of £1.56m.

Trading profits climbed by £2.6m to £15.82m, despite climatic disorder in the Windward Islands, where Geest sources the bananas which accounted for approximately a quarter of group sales of £391m last year.

In the first half of the year, the banana crop was devastated by drought. Then, in September, further damage was inflicted by Tropical Storm Emily which paid an unwelcome visit to St Vincent, the second largest island.

Geest countered this by reducing its imports of low margin green bananas and maintaining sales of higher margin ripe bananas. Overall, banana turnover declined by 13 per cent while operating profits declined only marginally.

The fresh produce division, which in addition to bananas includes sales of fruit and vegetables to the multiple retailers and to wholesalers, generated trading profits of £13.47m (£12.35m) on turnover of £354m (£387m).

Food preparation profits rose from £888,000 to £1.77m on turnover up from £10.6m to £24.55m, reflecting five months' contribution from Clipper, the fish products manufacturer bought for £10.6m last year. On sales of £11m, this generated profits of £600,000.

Interest income rose from £192,000 to £1.21m: cash resources swelled to a net £20m at the year end, an increase of £19.4m.

Earnings per share advanced 44 per cent to 15.9p (10.8p); the final dividend is 2.1p, making 4p, an increase of a quarter.

● **comment**

Geest endured a troublesome first full year as a public company, and has emerged with credit. Margins improved overall, vindicating the disposal of the horticultural businesses, and the balance sheet is plump with £20m of cash. Of this, £9m will be deployed on converting Geest's depot in Maidstone to a dedicated distribution centre for Sainsbury's, and a further £2m on expanding food production plant at Spalding. These investments are likely to yield a material contribution to profits only in 1989. Meanwhile, if the company makes £17m this year, growth in current year earnings will be slight – but, without such a high property profit, their quality will be enhanced. The prospective multiple falls from 14 to 11 if Geest makes £21¼m next year.

Buoyant sales help lift Sharpe & Fisher by 53%

A 53 PER CENT increase in pre-tax profits, from £3.34m to £5.12m, was announced by Sharpe & Fisher, Cheltenham-based builders' merchant, for 1987.

Turnover improved by 25 per cent to £75.82m (£60.87m) and the directors said that buoyant sales experienced in the latter half of the year had continued into the first two months of 1988. They anticipated that 1988 would be a record year.

A final dividend of 3p (2.25p) is recommended, making a total for the year 1p ahead at 4p. Earnings improved from 10.8p to 17.3p.

Building Supplies exceeded its target of a 5 per cent return on sales. The directors planned to expand that side of the business. The pre-tax figure was split as to building supplies £2.18m (£1.36m), DIY stores £2.47m (£1.86m) and properties £110,000 (£127,000). There was also a £364,000 surplus on the sale of freehold property.

Tax rose to £1.69m (£1.21m).

John Maunders up 45%

For the half year to end-December 1987 John Maunders, house builder, lifted pre-tax profits by 45 per cent from £1.21m to £1.76m.

An interim dividend of 1.05p (0.87p adjusted) is being paid from earnings per 20p share ahead from 4.17p to 4.48p.

Turnover rose by 19 per cent to £16.8m (£14.14m). There were 343 (351) units sold and Mr John Maunders, the chairman, said that forward sales were at a record level. Consequently, he was confident of announcing excellent trading results for the year.

The buoyant second time buyer market accounted for about 75 per cent of group sales and almost 100 per cent of sales in the southern division.

At December 31 the land bank stood at a value of almost £20m.

Lancaster nears £3m

Record pre-tax profits have been reported by Lancaster, an expanding UK retail motor group, in its first year as a public company. Profits rose 56 per cent from £1.85m to £2.89m, and were achieved as a result of increased business in all parts of the group.

Mr Nicholas Lancaster, managing director, said the second half showed further improvement on the excellent levels achieved in the opening half.

Looking at the prospects for 1988, Mr Jeremy Brown, the chairman, said: "The current year has started well.

Group turnover for 1987 was 41 per cent higher at £111.57m.

A dividend of 2.1p is being recommended. Stated earnings per 25p share improved from 10p to 13p.

Tay Homes 41% ahead

Tay Homes, USM-quoted estate designer, developer and builder, has achieved a 41 per cent rise in interim pre-tax profits from £930,000 to £1.31m.

Turnover in the six months to end-December 1987 was £9.49m, compared with £7.27m previously. The interim dividend is being increased from 1.77p to 2.07p on earnings per share of 11.8p against 10.8p restated.

The directors said the group was trading strongly with excellent sales in its main operating regions around Leeds and Glasgow and also in the recently established south-west region based at Plymouth. An operating region had also been established at Milton Keynes. This structure would form the springboard for substantial future growth.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims:- Baillie Gifford Japan Trust, Bankers Investment Trust, Barratt Developments, Chambers & Fargus, Murray Electronics, Randsworth Trust, Sanderson Murray & Elder, Frank Usher.

Finals:- Aurora, BAT Industries, Charles Barker, Barker & Dobson, Britannia Arrow, Britannic Assurance, British Mohair, Campari International, Cundell, Delaney, Christy Hunt, Earlys of Witney, Falcon Industries, Hepworth Ceramic, Jamesons Chocolates, Jones & Shipman, Bernard Matthews, Meggitt, Monument Oil & Gas, North Sea & General, Northern Engineering Industries, P-E Intl, Rentokil, Renown Inc, Rotork, Schroders, Silkolene Lubricants, Stag Furniture, Sunleigh Electronics, Tibbett & Britten, Woolworth.

FUTURE DATES

Interims-	
AB Electronics	Mar 29
International Inv Trust	[illegible]
Company Jersey	Apr 8
Lloyds Chemists	Mar 29
Trafford Park Estates	Mar 29
Finals-	
Acorn Computer	Mar 31
Clarke Nickolls & Coombs	Mar 30
Eurotunnel	Apr 5
Next	Mar 29
Ocean Transport	Mar 28
Quick (H. & J.)	Mar 30
RTZ Corporation	Apr 13
Schroders	Mar 29
Taylor Woodrow	Apr 12
Tronoh Mines Malaysia	Apr 21
Turriff Corporation	Apr 14

COMMODITIES AND AGRICULTURE

Impala platinum rights threatened

By Jim Jonesin Johannesburg

OPERATING INSIDE black homelands is becoming increasingly difficult for South Africa's platinum companies.

Last year the Government of the Lebowa homeland obliged Rustenburg, the largest producer of platinum, to accelerate the expansion of one mine and the establishment of another by threatening to deprive the company of mineral rights. This year Impala, the second largest producer, is faced with legal action by tribal leaders which could deprive it of 84 per cent of its mineral rights in nominally-independent Bophuthatswana.

Impala and the Bafokeng tribe have had a simmering dispute over royalties for almost 20 years, since shortly after the company began mining on rights granted by the tribe in 1967. In those days, the land formed part of South Africa and the trustee for the tribe's affairs was the South African Minister of Bantu Administration.

In 1977 Bophuthatswana was created and control passed to Mr Lucas Mangope, the homeland's President. According to court documents prepared by the Bafokeng, the tribe suspected in 1985 that royalties were being underpaid, but was refused access to Impala's books.

After some direct haggling between the tribe and the company, Impala offered the Bafokeng an extra R4.5m, although it did not admit any liability.

Platinum companies are notoriously secretive and Impala feared the Bafokeng might disclose company secrets if the books were opened to the tribe.

Impala took the problem to the Mangope Government which instructed the company to disclose nothing.

The tribe claims this conflicts with President Mangope's obligations as a trustee and wants to end his trusteeship. It now claims Impala has repudiated the 1977 agreement by refusing to open its books and says this entitles the tribe to cancel the company's mining rights immediately.

Impala is between a rock and a hard place. It could settle with the Bafokeng before June, when the dispute is due to be heard in the Botswana Supreme Court. But that would involve giving the tribes a greater share of the company profits. On the other hand, if Impala does not settle amicably it is unlikely to be granted rights to mine ground to the east of its present operations.

That ground, known as "The deeps", will be needed by 2003 when the existing mining rights expire, although negotiations are now in limbo.

Yesterday Mr Don Ireland, Impala's managing director, was reluctant to discuss the dispute, saying the matter was *sub judice*.

Stainless steel demand drives up chrome prices

BY KENNETH GOODING, MINING CORRESPONDENT

TRADERS SUGGEST some major US stainless steel producers fear they will run out of charge chrome and ferrochrome and consequently have been reducing their orders for other raw materials.

It is the boom in stainless steel production, which has been fuelling the rapid rise in nickel prices, which has also driven the cost of charge chrome and high-carbon ferrochrome to unprecedented levels on the free market and reduced stocks to an extraordinarily low level.

By definition stainless steel must contain a minimum of 12 per cent chromium and the average content is about 18 per cent so steel producers cannot get by without it.

In the past few months the price of charge chrome has risen from about 35 cents a lb to 50 cents and ferrochrome has jumped from just over 40 cents a lb to more than 80 cents, according to Mr Derek Raphael, whose metal trading company bears his name. "This is the historic high", he said.

Last year ferrochrome consumption world wide reached about 2.5m tonnes while supply was 2.34m tonnes, leaving a substantial deficit. About 70 per cent of the chromium produced is used by the stainless steel industry and more than half is supplied by South Africa.

Analysts say that since 1986 the US steel producers have been attempting to reduce their dependence on South African material and consequently as the shortage of chromium developed the Americans have been given low priority by the dominating producer.

Priority is being given to northern European and Japanese customers by the South African producers who sell virtually all their chromium directly to users.

Mr Jim Lennon, an analyst with the London-based Commodities Research Unit, said that the South Africans recently concluded with their European customers charge chrome contracts for the second quarter of 1988 at 58 cents a lb, some 7 cents higher than the first-quarter price.

The US contracts were 10 cents a lb up at 62 cents.

Mr Lennon said that stocks of charge chrome and ferrochrome had dropped to the equivalent of 1.5 months demand by the end of last year and have been run down even further since then.

"Producer stocks are down to the point where they amount to little more than material in transit," he added.

However, unlike nickel, where no increase in production capacity is in sight, there are several new chromium projects in the pipeline, including a 50,000 tonnes a year scheme in Turkey, another for 60,000 tonnes in Sweden and a southern African producers have projects totalling 120,000 tonnes.

Arbitration hearing for Australian nickel dispute

BY CHRIS SHERWELL IN SYDNEY

HOPES FOR an early resumption of work at strike-hit nickel operations of Western Mining are pinned on today's arbitration hearing in Perth.

The Conciliation and Arbitration Commission may order the two sides back to the negotiating table to thrash out a solution. It also has the power to order the union back to work.

The week-old strike at at Kambalda, in Western Australia, the world's third largest nickel mine, has helped drive nickel prices above the records reached at the height of the nickel boom in 1969.

The strike involves hundreds of underground and surface workers who are members of the Australian Workers' Union. They are demanding assurances from Western Mining that it will not contract-out certain forms of underground work.

All Kambalda's nickel mining operations have been halted, but the company says its nickel smelter and refinery are still working, as are its separate nickel operations at Windarra. Kambalda's gold mining activities are also continuing.

Western Mining, which has vast gold, nickel, copper, aluminium and other interests in Australia and elsewhere, says it is widespread practice throughout the world mining industry to contract-out underground mining work like the sinking of shafts.

The union wants to do this work itself.

NICKEL PRICES shot up to new records on the London Metal Exchange yesterday, with metal for nearby delivery closing at $18,900 a tonne – a rise of $2,500 over Monday's close, writes Our Commodities Staff.

This marked an increase of more than $1 a lb to $8.57 a lb for cash metal. The three-month price put on $1,160 a tonne to $14,450.

The continuing bull run has this week taken prices well beyond the record $7.40 a lb reached on the free market in 1969 – a year of surging demand and industrial disputes.

Zimbabwe mine production rises by 17%

By Tony Hawkins in Harare

ZIMBABWE's mining production increased by more than 17 per cent last year to a record 815m Zimbabwe dollars(£255m).

Official figures released by the Ministry of Mines show that gold production, valued at Z$850, was the main contributor accounting for 43 per cent of the total, despite a fractional decline in the volume of output to 14,710 kg.

Coal moved up to second place, with production increasing by 38 per cent to 4.6m tonnes, worth 103m Zimbabwe dollars. Asbestos output rose 18 per cent to 194,000 tonnes, valued at US$57m and nickel production increased by 20 per cent in value to US$42m.

Production volumes reached their highest level since 1979, but the value of production – in US dollar terms – was still 25 per cent below the 1980 level, reflecting the depreciation of the Zimbabwe currency in recent years.

Industry officials say they expect output to continue to grow at a rate of about 17 per cent during 1988.

Cancelled press briefing hits oil

BY STEVEN BUTLER

OIL TRADERS yesterday found yet more reasons to sell short in the market when Mr Rilwanu Lukman, the normally ubiquitous president of the Organisation of Petroleum Exporting Countries who has been uncharacteristically elusive in the past week, abruptly cancelled a press conference scheduled for yesterday afternoon.

Oil prices immediately tumbled, and Brent oil closed 36.5 centsdown at $14.93.

Mr Lukman was first said to have had a more pressing engagement. Later, an official in Nigeria, where Mr Lukman is Oil Minister, said that he was not intending to discuss Opec matters anyway. He was, rather, planning to talk about reorganisation of the Nigerian National Petroleum Corporation and needed more time to fill himself in on the details.

This statement came after nearly a week of intense speculation in the markets that a plan would be offered to shore up flagging international crude oil prices.

In fact, although most traders attributed some recent strength in oil prices to the outside possibility of an important announcement by Mr Lukman, virtually no traders believe that he can do anything significant.

Mr Lukman is well known for extremely optimistic pronouncements about the healthy state of Opec production and price discipline, the substance of which most traders dismiss outright.

The markets apparently took as further bad news a restatement by King Fahd of Saudi Arabia of the Kingdom's unwillingness to act as "swing producer".

This followed a statement last week by Mr Hisham Nazer, the Saudi Oil Minister, that he did not favour any Opec move to cut overall output.

A view is gaining currency that Saudi Arabia, which has about one fourth of the world's oil reserves, is happy for the present with lower oil prices, despite a balance of payments deficit estimated at $7bn last year.

Lower oil prices hurt exploration elsewhere in the world, maintain the competitiveness of oil against other fuels and may discourage over-production by other Opec members. The Saudis are also thought to believe that lower oil prices may damage Iran's ability to continue the war with Iraq.

Some analysts believe that the Saudi budget is calculated on the assumption of a $15 per barrel oil price – well below the Opec $18 reference price.

Peru set to become a net oil importer

BY BARBARA DURR IN LIMA

PERU IS expected to become a net oil importer this year after 10 years as a net exporter.

Mr Abel Salinas, Minister of Energy and Mines, said that if Peru was unable to agree on new contracts with international oil companies, the country would be obliged to import 5m barrels of oil, worth $86m. Oil exports this year are projected to drop 40 per cent to just $174m, with imports up to $260m.

Last year, Peru exported $291m worth of oil and imported $157m worth.

Peru's oil reserves have steadily dropped since their 1982 peak of 835m barrels and now stand at just 450m barrels.

The minister indicated that the country might be able to avoid becoming a net importer if it could reach an agreement on further investment with the Los Angeles-based Occidental Petroleum Corporation, currently Peru's largest oil producer.

Occidental has proposed drilling 24 new wells that would yield a fast, substantial increase in crude supplies.

In exchange, however, Occidental wants the Peruvian Government to bring its delayed payments up to date and give a better exchange rate on the oil it produces. It is paid just 33 intis to the dollar, while the central bank's certificate rate for dollars is 75 intis.

Mr Jaysuno Abramovich, president of Petroleos del Peru (PetroPeru), the state oil company, said that serious talks on new investments were also underway with Mobil Oil, Union Oil and British Petroleum.

PetroPeru is in no position to undertake fresh exploration and exploitation on its own. The company recorded a net loss of just over $400m last year, following a loss of $184m in 1986. Leading economic analysts say that the company has effectively been decapitalised.

PetroPeru's 1988 losses could easily reach $500m, in spite of the recent 50 per cent price rise for domestic petrol. Mr Abramovich had asked for an increase of 153 per cent, because about half of the price of petrol goes directly to taxes, not to the company.

Peru recently signed an outline agreement with Royal Dutch Shell for a contract, to be negotiated over the next six months, for exploitation of the company's massive gas find last year. Mr Salinas said that was an example of the positive attitude of Peru towards foreign investment.

EC Commission ready to propose farm price freeze

BY DAVID BUCHAN IN BRUSSELS

THE EUROPEAN Commission is expected today to propose a 1988-89 price freeze for all major agricultural commodities, except for durum wheat and some categories of tobacco where it is proposing a reduction.

The proposals for a price standstill in all but two commodities will come as no surprise to EC Agriculture Ministers, who will discuss the price package next week. For the past four years the Commission has suggested little or no change in farm prices, and last month EC heads of government agreed on a wide-ranging package of stabilisers, for different products.

The Commission is not proposing any change in monetary compensatory amounts (MCAs), so that its latest proposals will freeze farm prices in terms of national currencies as well as of the Ecu.

Commission officials say their proposed reductions are aimed at bringing durum wheat into a closer price relationship with soft wheat and at reducing the cost of disposing of the less marketable forms of EC-grown tobacco. This is not expected to please Italy, which is a big grower of durum wheat for pasta products, or Greece with its relatively important tobacco industry.

Philippine coconut sales

EXPORTS OF Philippine coconut products fell to 2.07m tonnes in copra terms in 1987 from 2.35m tonnes in 1986, reports Reuter from Manila. But export revenue rose to $664.5m from $557.6m because of higher world prices, the United Coconut Association of the Philippines (UCAP) said.

Coconut oil exports fell to 1.05m tonnes from 1.24m, but revenue totalled $390.8m, up from $334.9m because the average price rose to 16.83 cents per pound in 1987, about 37 per cent higher than the average price in 1986.

The UCAP said the US accounted for 44.5 per cent of coconut oil exports and Western Europe for 43 per cent.

Copra meal exports also plunged to 751,701 tonnes in 1987 from 817,641 tonnes in 1986, it said, but higher prices, averaging $99.17 per tonne compared with $89.89 in 1986, boosted earnings to $74.5m, up from $73.5m.

Test tube revolution for cattle breeders

By Bridget Bloom

BRITISH FARMERS should soon be able to buy test-tube produced calf embryos which could then be implanted into non-pedigree cows to produce top quality beef or dairy animals.

Dr Barry Cross, director of the government-owned Institute of Animal Physiology at Cambridge announced yesterday that his institute, in association with Animal Biotechnology Cambridge, had developed techniques for producing calf embryos entirely in test-tubes, which were ready for transplantion after seven days into recipient cows.

The institute, which pioneered artificial insemination in the 1950s, claims it has achieved a breakthrough in embryo technology which will allow calf embryos to be produced "at low cost on an industrial scale."

Previously, embryos for transplantation have had to start life in other cows. With the new techniques, ova can be taken from a dead cow, fertilised in vitro and cultured there continuously until freezing or implantation.

Mr Philip Paxman, chairman of ABC, said yesterday that provided trials now being conducted at ABC's own farm, which will later be extended to cover farms in north-west England, were successful, test tube produced embryos would be made available to British farmers by the autumn. Although it was early to be sure, he thought the cost would be about £50 for a twin pregnancy, compared with current charges for AI of about £12 and impregnation by conventional embryo transfer of about £250.

ABC, which is a private company backed by the NR Rothschild Biotechnology Fund believes it could get 15 per cent of the estimated £25m to £30m a year AI market in Britain by the early 1990's. The Milk Marketing Board is closely involved in the trials and would distribute the embryos to farmers.

The AI market world-wide is estimated at some £1bn a year. ABC clearly has high hopes of exports.

Dr Kevin O'Connor, managing director of breeding and production at the MMB, said the new development would principally enable dairy farmers to produce high value calves for beef production. Some 70 per cent of Britain's beef already comes from its dairy herd.

However, the development – one of many in farming to be expected over the next few years in what is becoming known as the biotechnology revolution – is a source of some concern to those who believe that the principal problem facing agriculture today is over-production.

WEEKLY METALS PRICES

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,280-2,300 (same).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 5.55-5.70 (5.45-5.65).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 8.35-8.95 (8.60-9.10); sticks 8.35-8.95 (8.60-9.10).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.60-7.00 (6.70-7.00).

MERCURY: European free market, min 99.99 per cent, $ per 76 lb flask, in warehouse, 285-300 (280-300).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.85-4.30 (3.55-3.65).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 10.50-10.70 (10.40-10.60).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit (10 kgs) WO, cif, 53-59 (51-58).

VANADIUM: European free market, min 98 per cent, VO, cif, 3.00-3.10 (unchanged).

URANIUM: Nuexco exchange value, $ per lb, UO, 16.30 (same).

WORLD COMMODITIES PRICES

LONDON MARKETS

ZINC PRICES maintained the advances made in early trading on the London Metal Exchange, and three-month metal closed up £6.75 a tonne at £547.25 a tonne – *the highest level since December 1986.* In dollar terms, however, the close at $996 a tonne was the highest for four years. Dealers said the continued strength of the market reflected a tightening of physical supplies, particularly of special high grade metal. They also expected that a constructive outcome to Tuesday's US Mint tender *would be quickly followed by a European* producer price rise. A strong chart pattern should ensure further near term *gains, they said. Aluminium prices rose* to fresh records after remaining static on Monday, although they closed below the *day's highs as light profit-taking* developed.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$13.35-3.45w	-0.15
Brent Blend	$14.88-4.98y	-0.365
W.T.I (1 pm est)	$16.15-6.20y	-0.55
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$165-168	
Gas Oil (Soviet)	$132-134	-4
Heavy Fuel Oil	$66-68	-0.5
Naphtha	$135-137	-4
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$448.25	-2.00
Silver (per troy oz)♣	644c	-1
Platinum (per troy oz)	$505.50	+5.00
Palladium (per troy oz)	$123.50	+1.00
Aluminium (free market)	$2690	+45
Copper (US Producer)	110⅝-13c	+0.375
Lead (US Producer)	35.5c	
Nickel (free market)	760c	+20
Tin (European free market)	£3765	
Tin (Kuala Lumpur market)	17.42r	-0.06
Tin (New York)	319.75c	-0.75
Zinc (Euro. Prod. Price)	$920	
Zinc (US Prime Western)	48⅝c	
Cattle (live weight)†	109.21p	+0.49*
Sheep (dead weight)†	182.35p	+8.28*
Pigs (live weight)†	69.50p	-0.66*
London daily sugar (raw)	$226.2s	-1.0
London daily sugar (white)	$233.5s	-1.0
Tate and Lyle export price	£230.5	-0.5
Barley (English feed)	£107.5w	
Maize (US No 3 yellow)	£135.5x	
Wheat (US Dark Northern)	£92.50s	-1.25
Rubber (spot)♥	62.50p	+0.25
Rubber (Apr) ♥	66.50p	+0.25
Rubber (May) ♥	66.50p	+0.25
Rubber (KL RSS No 1 Mar)	286.5my	
Coconut oil (Philippines)§	$495.0t	+5.0
Palm Oil (Malaysian)§	$375.0u	+5.0
Copra (Philippines)§	$340.0s	-10.0
Soyabeans (US)	£156.0	+1.5
Cotton "A" Index	66.60c	
Wooltops (64s Super)	570p	

£ a tonne unless otherwise stated. p-pence/kg c-cents/lb r-ringgit/kg w-May. u-Apr/Sep x-Apr/Jun. y-Apr t-May/Jun. s-Apr/May †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam ♣ Bullion market close. m-Malaysian/Singapore cents/kg

COCOA £/tonne

	Close	Previous	High/Low
Mar	905	910	908 905
May	923	928	930 914
Jly	942	946	948 933
Sep	961	967	967 954
Dec	984	990	992 978
Mar	1009	1015	1010 1008
May	1029	1033	

Turnover 2233 (2111) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for March 21 · 1204.67 (1201.29) .10 day average for March 22 · 1224.51 (1229.59).

COFFEE £/tonne

	Close	Previous	High/Low
Mar	1095	1118	1116 1093
May	1127	1147	1142 1125
Jly	1151	1173	1166 1149
Sep	1176	1197	1189 1175
Nov	1201	1220	1214 1202
Jan	1228	1243	1238 1228
Mar	1250	1265	1257

Turnover 2851 (1231) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for March 21· Comp. daily 1979 115.85 (116.43); 15 day average 118.30 (118.53).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
May	201.20	193.00	211.60 191.60
Aug	200.80	193.00	201.80 191.20
Oct	201.40	192.80	201.40 191.60
Mar	199.00	192.40	199.00 192.00
May	200.00	194.40	193.60

White	Close	Previous	High/Low
May	241.00	233.00	241.10 231.20
Aug	243.00	234.00	241.60 232.00
Oct	241.00	234.00	238.00 231.50
Dec	240.00	234.00	231.50
Mar	243.00	234.00	241.00 233.00
May	243.00	236.50	
Aug	245.00	238.00	

Turnover. Raw 3499(2031)lots of 50 tonnes; White 1097(912)
Paris- White (FFr per tonne): May 1361, Aug 1370, Oct 1371, Dec 1375, Mar 1390, May 1400

GAS OIL $/tonne

	Close	Previous	High/Low
Apr	130.50	134.00	132.00 128.00
May	128.00	131.25	129.50 126.50
Jun	128.75	132.00	129.75 126.50
Jul	128.75	131.50	130.00 127.00
Aug	130.50	133.00	128.75 128.25

Turnover: 8252 (7425) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Mar	102.15	102.10	102.15 102.00
May	103.70	103.50	103.80 103.25
Jly	105.80	105.60	105.90 105.35
Sep	100.55	100.80	100.55
Nov	102.40	102.45	102.45 102.40
Jan	104.75	104.90	
Mar	106.65	106.85	106.85 106.65

Barley	Close	Previous	High/Low
Mar	101.85	102.20	101.85
May	103.55	103.55	103.60 103.50
Sep	97.70	97.85	97.70
Nov	100.40	100.45	100.45 100.40
Jan	102.65	102.75	102.65
Mar	104.65	104.75	104.75 104.65

Turnover. Wheat 152 (59), Barley 22 (44) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

[illegible]

POTATOES £/tonne

[illegible]

SOYABEAN MEAL £/tonne

[illegible]

FREIGHT FUTURES $10/index point

[illegible]

COTTON

Liverpool-Spot and shipment sales for the week ending March 18 amounted to 886 tonnes against 433 tonnes in the previous week. Moderate trading occurred with support for West African, Pakistan and Columbian growths.

JUTE

C and I Dundee BTC $525, BWC $515, BTD $450, BWD $440; c and f Antwerp BTC $560, BWC $480, BWD $435, BTD $445.

LONDON BULLION MARKET

[illegible]

LONDON METAL EXCHANGE TRADED OPTIONS

[illegible]

US MARKETS

Precious metals closed mixed in lacklustre trading, reports Drexel Burnham Lambert. Gold finished lower after prices back away from resistance encountered at the highs. Silver rallied on late fund buying, while platinum was held firm by overseas buying. Copper rallied on short-covering following early weakness on commission house stops. Crude oil closed mixed, except the expiring April contract which closed sharply lower. Heating oil was influenced by weather in the U.S. north-east. Sugar rallied on fund, commission house and light trade buying which touched off stops as the market bounced from underlying support levels. Cocoa rallied on technical buying following a failure to penetrate recent contract lows. Coffee was held to a narrow range. Cattle futures were steady despite poor beef fundamentals reflecting good live cattle trading. Pork bellies and hogs both reacted to yesterday's weakness and reports of light hog runs and consequent buying by packers. Improved South American soybean meal prices firmed the futures, while steady overseas values kept soybean oil firm.

New York

[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Apr	16.12	16.49	16.25	16.08
May	16.25	16.31	16.30	16.03
Jun	16.15	16.19	16.19	15.92
Aug	16.03	16.07	16.07	15.84
Sep	16.00	16.05	16.00	15.80
Oct	15.90	16.03	15.90	15.82

[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	632/0	630/0	632/2	627/0
May	643/6	637/6	644/0	636/0
Jul	651/6	646/0	652/4	643/0
Aug	655/0	650/0	656/4	646/4

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound, dollar slightly firmer

STERLING SHOWED a modest improvement on the day in currency markets, but hesitated at the prospect of testing the DM3.10 level. There was insufficient volume or incentive to tempt intervention by the Bank of England, which some dealers described as a real threat, if the pound broke through this level. Others however, felt that the pound's recent strength was a short term phenomenon, and that the authorities would not act aggressively unless the DM3.15 level was threatened.

The pound's exchange rate index edged up to 77.1, from 77.0 at the start and Monday's close. Sterling improved to DM3.0975 from DM3.0875 and Y232.50 from Y231.75. It was also higher against the dollar at $1.8295 from $1.8265. Elsewhere it rose to SFr2.5550 from SFr2.5525 and FFr10.5250 compared with FFr10.4850.

The dollar finished towards the top end of the day's range, which represented a modest improvement on overnight levels. US durable goods orders for February fell by 1.8 p.c., which was in sharp contrast to expectations of a rise of up to 0.5 p.c. However the dollar ignored these figures, and analysts were quick to point out that the high degree of volatility made these figures a very poor barometer of economic fortunes.

The figures were seen as just another part of the jigsaw in the recession versus growth argument, giving some sustenance to the bears.

Factors to encourage a switch out of dollars have been thin on the ground just recently but Mr Neil MacKinnon, an economist at Nomura Research Institute, suggested that the current political uncertainty has placed a higher risk premium on the dollar. He added that the absence of any real progress in reducing the US budget deficit - currently out of the limelight - and the possibility of higher growth sucking in more imports, were factors likely to exert downward pressure on the US unit.

The dollar closed at DM1.6935 from DM1.6900 and Y127.10 from Y126.95. Elsewhere it improved to SFr1.4015 from SFr1.3995 and FFr5.7525 from FFr5.7400. On Bank of England figures, the dollar's exchange rate index rose from 93.9 to 94.0.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.35. February average 129.17. Exchange rate index 242.2 against 231.1 six months ago.

Intervention by the Bank of Japan enabled the dollar to finish above its worst in Tokyo. It closed at Y127.05 against Y127.0 in New York, after the authorities bought dollars at Y126.85.

Proximity of the financial year end was seen as inhibiting many large institutions from selling the dollar. Insurance companies wanted to avoid a sharp yen rise because they must write down losses on unlisted foreign securities, if the yen is more than 15 p.c. above its value a year ago.

However an official from the Bank of Japan claimed that there would be no sudden sell off after the year end on March 31. Until then, trading seems likely to remain nervous on fears of further central bank intervention.

Elsewhere the D-Mark rose to Y75.35 from Y75.22 at the start although it was still down from Friday's close of Y76.02. Japan was closed on Monday for a public holiday. Covering of short mark positions partly reversed the spate of speculative yen buying seen since last Friday.

£ IN NEW YORK

Mar.22	Latest	Previous Close
£ Spot	1.8295-1.8310	1.8200-1.8310
1 month	0.31-0.29pm	0.31-0.28pm
3 months	0.92-0.88pm	0.78-0.72pm
12 months	3.20-3.10pm	2.82-2.70pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Mar.22	Previous
8.30	am	77.0	77.0
9.00	am	77.0	77.0
10.00	am	77.0	77.0
11.00	am	77.0	77.0
Noon		77.0	77.0
1.00	pm	77.0	77.1
2.00	pm	77.0	77.0
3.00	pm	77.0	77.0
4.00	pm	77.1	77.0

CURRENCY RATES

Mar.22	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.747259	0.669014
U.S Dollar	6	1.36696	1.22292
Canadian $	8.75	1.70720	1.52659
Austrian Sch.	3	16.2395	14.5823
Belgian Franc	6½	48.3357	43.3289
Danish Krone	7½	8.84970	7.94867
Deutsche Mark	2½	2.31112	2.07200
Neth. Guilder	3¼	2.59586	2.32739
French Franc	9½	7.85455	7.04251
Italian Lira	12½	1710.17	1533.81
Japanese Yen	2½	N/A	155.559
Norway Krone	8	8.69258	7.80060
Spanish Peseta	-	154.826	138.709
Swedish Krona	7½	8.16827	7.31785
Swiss Franc	2½	1.91101	1.71321
Greek Drach.	20½	184.895	165.545
Irish Punt	-	N/A	0.775242

*All SDR rates for Mar.21

CURRENCY MOVEMENTS

Mar.22	Bank of England Index	Morgan** Guaranty Changes %
Sterling	77.1	-16.3
U.S Dollar	94.0	-13.0
Canadian Dollar	80.8	-6.2
Austrian Schilling	139.6	+10.6
Belgian Franc	100.4	-4.8
Danish Krone	92.7	+1.9
Deutsche Mark	148.7	+22.7
Swiss Franc	175.6	+23.6
Guilder	137.4	+16.2
French Franc	71.1	-13.9
Lira	46.6	-19.6
Yen	242.2	+81.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100)**Rates for Mar.21

OTHER CURRENCIES

Mar.22	£	$
Argentina (1)	9.1085-9.1685	4.9800-5.0100
Australia	2.4720-2.4750	1.3525-1.3595
Brazil	200.80-201.95	109.80-110.15
Finland	7.4340-7.4470	4.0720-4.0780
Greece	244.75-249.90	133.75-136.15
Hong Kong	14.2520-14.2690	7.8050-7.8070
Iran	123.60*	66.50*
Korea(Sth)	1368.15-1380.55	749.20-755.20
Kuwait	0.50220-0.50270	0.27495-0.27505
Luxembourg	64.60-64.70	35.30-35.40
Malaysia	4.7010-4.7130	2.5740-2.5770
Mexico	4170.10-4181.55	2280.00-2285.00
N Zealand	2.7525-2.7575	1.5060-1.5085
Saudi Ar.	6.8510-6.8570	3.7500-3.7510
Singapore	3.6850-3.6890	2.0155-2.0175
S. Af (Cm)	3.9000-3.9150	2.1390-2.1420
S. Af (Fn)	4.8715-5.0050	2.6665-2.7395
Taiwan	52.45-52.70	28.60-28.70
U.A.E.	6.7095-6.7155	3.6725-3.6735

*Selling rate (1)Argentina Official rate now quoted

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.3289	+2.05	+0.88	±1.5344
Danish Krone	7.85212	7.94867	+1.23	+0.06	±1.5404
German D-Mark	2.05853	2.07200	+0.65	-0.52	±1.0981
French Franc	6.90403	7.04251	+2.01	+0.84	±1.3674
Dutch Guilder	2.31943	2.32739	+0.34	-0.83	±1.5012
Irish Punt	0.768411	0.775242	+0.89	-0.28	±1.6684
Italian Lira	1483.58	1533.80	+3.39	+2.76	±4.0752

Changes are for Ecu; therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Mar.22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8260-1.8345	1.8290-1.8300	0.31-0.28cpm	1.93	0.82-0.77pm	1.74
Canada	2.2780-2.2850	2.2820-2.2830	0.04d-0.06cpm	0.05	0.04d-0.10pm	0.05
Netherlands	3.46¾-3.48¼	3.47¼-3.48¼	1⅜-1¼cpm	4.74	4¼-3⅝pm	4.53
Belgium	64.45-64.95	64.60-64.70	24-6cpm	2.78	50-30pm	2.47
Denmark	11.85¾-11.89½	11.87¼-11.88¼	⅞pm-1¼oredis	-0.13	¼-2¼dis	-0.42
Ireland	1.1545-1.1605	1.1580-1.1590	0.18-0.02cpm	0.62	0.20-parpm	0.35
W. Germany	3.08¾-3.10	3.09½-3.10	1¼-1¼pfpm	5.57	4⅛-3⅝pm	5.17
Portugal	251.65-253.20	252.10-253.10	99-156cdis	-6.06	294-400dis	-5.49
Spain	206.95-207.90	207.40-207.70	29-49cdis	-2.25	89-129dis	-2.10
Italy	2288¼-2295¼	2289½-2290½	1-8lireds	-2.36	10-19dis	-2.53
Norway	11.62½-11.68½	11.66¾-11.67¾	4½-6oredis	-5.40	15¾-16¾dis	-5.51
France	10.50⅝-10.53½	10.52-10.53	1-parcpm	0.57	½pm-¾dis	-0.02
Sweden	10.92-10.95	10.93½-10.94½	¼-1¼oredis	-0.89	2¼-3½dis	-1.03
Japan	232-233	232-233	1⅛-⅞ypm	4.19	2⅜-2⅛pm	4.19
Austria	21.70-21.79	21.76-21.79	9⅝-8¼gropm	4.93	25⅝-22⅝pm	2.64
Switzerland	2.55¼-2.57	2.56-2.57	1⅞-1⅝cpm	7.31	4⅝-4pm	6.73

Belgian rate is convertible francs. Financial franc 64.90-65.00 . Six-month forward dollar 1.56-1.51cpm 12 month 2.88-2.78cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar.22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8260-1.8345	1.8290-1.8300	0.31-0.28cpm	1.93	0.82-0.77pm	1.74
Ireland†	1.5765-1.5840	1.5790-1.5800	0.08-0.03cpm	0.42	0.30-0.20pm	0.63
Canada	1.2455-1.2490	1.2465-1.2475	0.19-0.22cdis	-1.97	0.54-0.58dis	-1.80
Netherlands	1.8935-1.9040	1.9010-1.9020	0.48-0.45cpm	2.94	1.36-1.31pm	2.81
Belgium	35.20-35.45	35.30-35.40	4-1cpm	0.85	9-5pm	0.79
Denmark	6.46¼-6.50¼	6.49-6.49½	0.85-1.45oredis	-2.13	3.10-3.70dis	-2.09
W. Germany	1.6850-1.6955	1.6930-1.6940	0.51-0.48pfpm	3.51	1.49-1.44pm	3.46
Portugal	138-138½	138¼-138½	75-100cdis	-7.58	220-270dis	-7.07
Spain	112.90-113.45	113.30-113.40	35-45cdis	-4.24	105-115dis	-3.81
Italy	1247½-1254½	1251¾-1252¼	4.20-5.20liredis	-4.50	12.20-14.20dis	-4.22
Norway	6.34¾-6.38½	6.37¾-6.38	3.70-4.05oredis	-7.35	11.35-11.75dis	-7.25
France	5.73-5.76¼	5.75-5.75½	0.60-0.80cdis	-1.46	2.45-2.75dis	-1.81
Sweden	5.96-5.98¼	5.97¾-5.98¼	1.35-1.55oredis	-2.91	4.05-4.35dis	-2.81
Japan	126.85-127.35	127.05-127.15	0.25-0.22ypm	2.22	0.83-0.78pm	2.53
Austria	11.84¾-11.91	11.89¾-11.90¼	3.30-3.08gropm	3.18	9.00-8.00pm	2.86
Switzerland	1.3930-1.4030	1.4010-1.4020	0.66-0.61cpm	5.45	1.79-1.74pm	5.05

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.45-35.55.

EURO-CURRENCY INTEREST RATES

Mar.22	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	8⅝-8½	8⅝-8½	8 11/16-8 9/16	8 13/16-8⅝	8⅞-8 13/16	9¼-9⅛
US Dollar	6⅝-6½	6⅝-6½	6 11/16-6 9/16	6⅞-6¾	7¼-7	7⅝-7½
Can. Dollar	8¼-8⅛	8¼-8⅛	8⅜-8¼	8 9/16-8 7/16	8¾-8⅝	9⅛-8⅞
D. Guilder	3⅞-3¾	4⅛-3⅞	4⅛-3⅞	4¼-3⅞	4⅜-4¼	4⅝-4½
Sw. Franc	1½-1	1¼-1	1⅞-1⅝	1⅞-1⅝	2⅜-2¼	2¾-2⅝
Deutschmark	3⅜-3¼	3⅜-3¼	3⅜-3¼	3½-3⅜	3⅝-3½	3¾-3⅝
Fr. Franc	7¼-7⅛	7¼-7⅛	8⅛-8	8⅝-8½	8⅝-8½	8 15/16-8⅞
Italian Lire	11¼-9¼	10¼-9¼	11-10½	11¼-10⅝	11½-10¾	11⅝-11⅛
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8¼-8⅛ per cent; three years 8⅝-8½ per cent; four years 8⅞-8¾ per cent; five years 8¾-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.22	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.830	3.098	232.5	10.53	2.565	3.478	2290	2.283	64.65
$	0.546	1	1.693	127.0	5.754	1.402	1.901	1251	1.248	35.33
DM	0.323	0.591	1	75.05	3.399	0.828	1.123	739.2	0.737	20.87
YEN	4.301	7.871	13.32	1000.	45.29	11.03	14.96	9849	9.819	278.1
F Fr.	0.950	1.738	2.942	220.8	10.	2.436	3.303	2175	2.168	61.40
S Fr.	0.390	0.713	1.208	90.64	4.105	1.	1.356	892.8	0.890	25.20
H Fl.	0.288	0.526	0.891	66.85	3.028	0.737	1.	658.4	0.656	18.59
Lira	0.437	0.799	1.353	101.5	4.598	1.120	1.519	1000.	0.997	28.23
C $	0.438	0.802	1.357	101.8	4.612	1.124	1.523	1003	1.	28.32
B Fr.	1.547	2.831	4.792	359.6	16.29	3.966	5.380	3542	3.531	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Gilts follow bonds in dull trade

LONG TERM gilts followed movements in US Treasury bonds in dull trading on Liffe yesterday.

Short covering in the US bond market, on weaker than forecast US durable goods orders, lifted gilts. Sentiment was also helped by a gradual improvement of sterling against the D-Mark.

Long term gilt futures opened at 121-18 for June delivery, and touched a low of 121-12, before reaching a peak of 121-26, and closing slightly lower at 121-25 against 121-15 previously.

Barclays de Zoete Wedd Futures believes trading in gilt futures remains largely confined to a drift pattern, with upward resistance located at 121-24 and downward support at 121-02.

June three-month sterling futures opened at the day's high of 91.21, and fell back on technical selling to a low of 91.14, as short sterling futures contracts looked expensive against off balance sheet instruments, in swaps and FRAs. The contract finished at 91.19, unchanged from Monday. BZW suggests there is scope for price slippage and looks for downside support at 90.96 and upward resistance at 91.35.

US Treasury bond futures gained ground after a surprising fall of 1.8 p.c. in February US durable goods orders. The market was expecting a rise of around 0.5 p.c., and the fall renewed suggestions that economic growth is not very robust. At the same time traders pointed out that durable goods data provide a very erratic guide to US economic performance.

The fall helped allay fears about rising inflation, and sentiment was also buoyed by lower prices in crude oil and precious metals.

June US bonds opened firmer at 90-22, slightly above the day's low of 90-21. The contract rose to a peak of 91-08, before closing at 90-28, compared with 90-14 on Monday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
116	563	—	13	—
118	418	—	32	—
120	252	—	102	—
122	144	—	158	—
124	58	—	308	—
126	28	—	442	—
128	12	—	626	—

Estimated volume total, Calls 933 Puts 803
Previous day's open int. Calls 30668 Puts 22754

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
84	709	652	17	60
86	528	523	36	131
88	353	407	61	215
90	227	303	135	311
92	124	213	232	421
94	47	134	355	542
96	23	103	531	711

Estimated volume total, Calls 30 Puts 157
Previous day's open int. Calls 1264 Puts 1377

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Apr	Puts-settlements Mar	Puts-settlements Apr
17000	1410	1604	0	34
17500	910	1164	0	94
18000	429	784	19	214
18500	97	483	187	413
19000	7	270	597	700
19500	0	136	1090	1066
20000	0	62	1590	1492

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 112 Puts 167

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements Apr	Calls-settlements MAY	Puts-settlements Apr	Puts-settlements MAY
165	1790	1790	0	1
170	1290	1290	0	9
175	790	795	10	50
180	355	420	86	175
185	100	175	331	430
190	15	55	746	810
195	1	13	1232	1268

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 234 Puts 217

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
9175	102	91	5	24
9200	80	71	8	29
9225	58	55	11	38
9250	40	39	18	47
9275	26	28	29	61
9300	15	19	43	77
9325	7	12	60	95

Estimated volume total, Calls 166 Puts 56
Previous day's open int. Calls 2321 Puts 1852

LIFFE SHORT STERLING

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
9025	97	83	3	17
9050	74	65	5	24
9075	54	49	10	33
9100	37	32	18	41
9125	22	21	28	55
9150	13	13	44	72
9175	5	8	61	92

Estimated volume total, Calls 130 Puts 45
Previous day's open int. Calls 2100 Puts 1487

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
1.750	7.10	7.40	7.70	9.85	0.25	0.65	1.15	3.05
1.775	4.85	5.40	5.90	7.50	0.50	1.25	1.90	4.00
1.800	2.95	3.75	4.30	6.10	1.05	2.05	2.75	5.10
1.825	1.60	2.50	3.05	4.95	2.05	3.10	3.50	6.40
1.850	0.80	1.60	2.10	3.95	3.70	4.65	5.45	7.80
1.875	0.35	0.95	1.45	3.15	5.70	6.50	7.20	9.40
1.900	0.15	0.55	0.95	2.45	7.95	8.55	9.15	11.15

Previous day's open int: Calls 329,048 Puts 339,106
Previous day's volume: Calls 15,542 Puts 15,106

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
1.60	-	-	23.80	24.20	-	-	0.50	1.20
1.65	-	-	18.65	19.05	-	-	1.30	1.80
1.70	13.20	13.20	13.40	14.00	0.30	0.50	0.65	1.20
1.75	8.20	8.40	8.55	9.80	0.50	0.85	1.40	3.10
1.80	3.75	4.55	5.10	6.75	1.10	2.05	2.85	5.30
1.85	1.20	2.15	2.90	4.45	3.50	4.50	5.30	7.55
1.90	0.60	0.95	1.35	3.10	7.55	8.20	8.85	10.80

Estimated volume total, Calls N/A Puts N/A
Previous day's open int: Calls 572 Puts 405

LONDON (LIFFE)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	122-10	122-07	122-00	121-31
Jun	121-25	121-26	121-12	121-15

Estimated Volume 17004(19698)
Previous day's open int. 25275(28093)

7-10 YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	97-09			97-04
Jun	96-31			96-26

Estimated Volume 0(160)
Previous day's open int. 5030(4870)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Jun	107.48	107.58	107.44	107.42
Sep	106.95	106.85	106.75	106.79

Estimated Volume 394(456)
Previous day's open int. 438(385)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Jun	91.19	91.21	91.14	91.19
Sep	90.91	90.93	90.87	90.92
Dec	90.70	90.70	90.66	90.69
Mar	90.52	90.48	90.48	90.50

Est. Vol. (inc. figs. not shown) 6378(5254)
Previous day's open int. 29615(29142)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Mar	184.10	184.60	183.60	184.30
Jun	185.70	186.30	185.00	186.20
Sep				

Estimated Volume 1869(2435)
Previous day's open int. 9250(9350)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Jun	92.72	92.74	92.68	92.67
Sep	92.42	92.45	92.39	92.37
Dec	92.15	92.17	92.12	92.10
Mar	91.91	91.89	91.87	91.85

Est. Vol. (inc. figs. not shown) 6855(7463)
Previous day's open int. 25213(25428)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	91-30	92-07	91-26	91-16
Jun	90-28	91-08	90-21	90-14
Sep	89-28			89-14

Estimated Volume 9039(10910)
Previous day's open int. 7070(7288)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	92-08	92-10	91-17	91-25
Jun	91-05	91-08	90-13	90-23
Sep	90-04	90-08	89-15	89-23
Dec	89-08	89-09	89-05	88-26
Mar	88-13	88-13	88-10	87-31
Jun	87-21	87-21	87-17	87-06
Sep	-	-	-	86-15
Dec	-	-	-	85-26
Mar	-	-	-	85-07
Jun	-	-	-	84-21
Sep	-	-	-	84-04

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Jun	94.16	94.17	94.13	94.13
Sep	93.84	93.86	93.81	93.81
Dec	93.55	93.55	-	93.51
Mar				93.26
Jun	93-09	93-09	93-09	93.05
Sep	-	-	-	92.88

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Jun	0.7213	0.7236	0.7208	0.7235
Sep	0.7300	0.7325	0.7290	0.7324
Dec	0.7395	-	0.7395	0.7415
Mar	0.7490	-	0.7490	0.7510

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Jun	0.7904	0.7915	0.7888	0.7916
Sep	0.7960	0.7970	0.7957	0.7974
Dec	0.8025	-	0.8025	0.8032
Mar	-	-	-	0.8089
Jun	-	-	-	-

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Jun	0.5950	0.5972	0.5943	0.5960
Sep	0.6002	0.6011	0.6000	0.6017
Dec	0.6067	0.6074	0.6067	0.6075
Mar	0.6067	0.6074	0.6067	-

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Jun	92.72	92.74	92.70	92.69
Sep	92.42	92.45	92.40	92.39
Dec	92.15	92.17	92.13	92.11
Mar	91.91	91.93	91.90	91.86
Jun	91.69	91.70	91.66	91.65
Sep	91.52	91.53	91.51	91.47
Dec	91.37	91.37	91.34	91.31
Mar	91.24	91.24	91.22	91.18

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Jun	270.40	271.25	270.25	270.60
Sep	271.95	272.85	271.95	272.20
Dec	273.60	274.20	273.60	273.90
Mar	275.20	275.70	275.20	275.50

CURRENCY FUTURES

LIFFE-STERLING £25,000 $ per £

	Close	High	Low	Prev.
Jun	1.8220			1.8230
Sep	1.8140			1.8160
Dec	1.8075			1.8095

Estimated Volume 0(0)
Previous day's open int. 260(260)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8295	1.8266	1.8216	1.8142	1.8012

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.8215	1.8230	1.8185	1.8220
Sep	1.8160	1.8160	1.8120	1.8150
Dec	1.8080	1.8080	1.8050	1.8084
Mar	-	-	-	-

MONEY MARKETS

Rates little changed

INTEREST RATES were little changed on the London money market yesterday, as sterling failed to break through DM3.10 against the D-Mark on the foreign exchanges.

Trading was quiet, and dealers waited to see whether Friday's UK trade figures provide any further guidance.

Three-month interbank was quoted at 8 13/16-8¾ p.c., compared with 8¾-8⅝ p.c. on Monday.

The Bank of England initially forecast a money market shortage of £600m, but revised this to £450m at noon, and then to £550m. In the afternoon the authorities suggested the shortage was around £500m. Total assistance of £422m was provided.

UK clearing bank base lending rate 8½ per cent from March 17

Before lunch the Bank of England bought £58m bank bills in band 1 at 8¾ p.c. In the afternoon another £228m bills were purchased, by way of £21m Treasury bills in band 1 at 8¾ p.c.; £152m bank bills in band 1 at 8¾ p.c. and £55m bank bills in band 2 at 8¾ p.c.

Late assistance of around £135m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take up of Treasury bills drained £415m, with Exchequer transactions absorbing £330m. These outweighed a fall in the note circulation adding £50m to liquidity, and bank balances above target of £90m.

In Frankfurt call money firmed slightly to 3.30 p.c. from 3.275 p.c. The Bundesbank continued to provide liquidity for the money market via state owned banks, at a rate of 3.30 p.c. This offset the drain on liquidity caused by tax payments and settlement of a Federal Government bond.

Dealers were divided on whether the allocation at today's securities repurchase agreement tender would be equal to the DM11.9bn flowing out of the market, as an earlier agreement expires.

Some expect less money, after the Bundesbank has provided up to DM3.5bn in money from state owned banks. Others believe the present drain of liquidity could encourage the central bank to provide up to DM15bn at the tender, with money also flowing out through pension payments on Friday.

In Paris the Bank of France left its money market intervention rate at 7¾ p.c. at yesterday's securities repurchase tender.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar 22) 3 months US dollars		6 months US Dollars	
bid 6⅝	offer 6¾	bid 7	offer 7⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds			
Prime rate	[illegible]	One month	5.30	Three year	7.53
Broker loan rate	[illegible]	Two month	5.54	Four year	7.78
Fed funds	[illegible]	Three month	5.95	Five year	7.93
Fed funds at intervention	[illegible]	Six month	6.21	Seven year	8.26
		One year	6.72	10-year	8.44
		Two year	7.31	30-year	8.70

Mar.22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.25-3.35	3.30-3.45	3.30-3.45	3.35-3.50	3.35-3.55	4.50
Paris	[illegible]	[illegible]		[illegible]	[illegible]	7.25
Zurich	[illegible]	[illegible]		[illegible]	[illegible]	
Amsterdam	[illegible]	[illegible]		[illegible]	[illegible]	
Tokyo	[illegible]	[illegible]		[illegible]	[illegible]	
Milan	[illegible]	[illegible]		[illegible]	[illegible]	
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

LONDON MONEY RATES

Mar.22	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt. Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	6.45-6.50	6.75-6.70	6.95-6.90	7.35-7.30
SDR Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep. Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD C	$420	166	37	5	44	-	-	$448.40
GOLD C	$440	265	19.50	172	29.50	23	43	$448.40
GOLD C	$460	21	9.50	201	20.50	26	30	$448.40
GOLD C	$480	-	-	6	13	20	20	$448.40
GOLD C	$500	6	2.20 A	53	7	-	-	$448.40
GOLD P	$420	10	3	16	6.80	-	-	$448.40
GOLD P	$440	16	6 B	12	11.80	-	-	$448.40
		Apr. 88		May 88		Jun. 88		
EOE Index C	Fl. 190	95	21	10	20	-	-	Fl. 211.34
EOE Index C	Fl. 195	11	16	18	18	-	-	Fl. 211.34
EOE Index C	Fl. 200	121	13	50	13	-	-	Fl. 211.34
EOE Index C	Fl. 205	31	10.20	16	10.80	-	-	Fl. 211.34
EOE Index C	Fl. 210	69	6.80	66	8.30	11	11.40 A	Fl. 211.34
EOE Index C	Fl. 215	10	4.50	27	6.50	124	8.50	Fl. 211.34
EOE Index P	Fl. 190	29	1.30	13	3.50	-	-	Fl. 211.34
EOE Index P	Fl. 195	130	2.20	4	5.50 A	-	-	Fl. 211.34
EOE Index P	Fl. 200	218	3.30	14	7	105	9.50	Fl. 211.34
EOE Index P	Fl. 205	24	5	25	9.30	-	-	Fl. 211.34
EOE Index P	Fl. 210	120	6.50	114	12.30	-	-	Fl. 211.34
S/FI C	Fl. 185	30	5.30	20	5.80	9	5.80	Fl. 190.20
S/FI C	Fl. 190	66	1.70	-	-	1	3.40	Fl. 190.20
S/FI C	Fl. 195	3	0.60	20	1.10	-	-	Fl. 190.20
S/FI P	Fl. 180	-	-	20	0.60	-	-	Fl. 190.20
S/FI P	Fl. 185	-	-	24	1.70	1	2.50 A	Fl. 190.20
		Apr. 88		Jul. 88		Oct. 88		
ABN C	Fl. 40	374	2.60	241	3.20	36	4.20	Fl. 42.20
ABN P	Fl. 40	12	0.40 B	239	2	95	3.20	Fl. 42.20
AEGON C	Fl. 75	4	1.70	29	3.10	-	-	Fl. 72.30
AEGON P	Fl. 75	20	3.80	7	6.10	-	-	Fl. 72.30
AHOLD C	Fl. 70	569	5	8	5.80	-	-	Fl. 72.30
AHOLD P	Fl. 70	31	1.50	-	-	-	-	Fl. 72.30
AKZO C	Fl. 120	60	0.50	483	2.90	10	5.80	Fl. 108.20
AKZO P	Fl. 90	-	-	118	2.40	3	3.80 A	Fl. 108.20
AMEV C	Fl. 60	272	1.30	556	2.90	109	4.20	Fl. 56.90
AMEV P	Fl. 55	63	1.60	31	4.20 A	2	5	Fl. 56.90
AMRO C	Fl. 70	379	3.30	358	4	185	4.30	Fl. 71.80
AMRO P	Fl. 60	-	-	142	1	-	-	Fl. 71.80
BUHRMANN-T C	Fl. 50	175	3	35	1.90	-	-	Fl. 46.50
ELSEVIER C	Fl. 50	175	3	30	4.30	6	5.80	Fl. 52
ELSEVIER P	Fl. 50	170	1 A	3	3	2	4.20 B	Fl. 52
GIST-BROC. C	Fl. 35	155	1.40	274	2.70	31	3.80	Fl. 34.60
GIST-BROC. P	Fl. 30	60	0.30	9	2	11	2.70	Fl. 34.60
HEINEKEN C	Fl. 130	41	5.90	84	8.90	5	10.60	Fl. 131.50
HEINEKEN P	Fl. 120	16	1.50	115	4.50	-	-	Fl. 131.50
HOOGOVENS C	Fl. 35	156	3	317	4.50 A	39	5.90	Fl. 36.60
HOOGOVENS P	Fl. 35	33	1.40	162	2.60	74	3.90	Fl. 36.60
KLM C	Fl. 35	322	1.40	174	3	221	3.50	Fl. 35
KLM P	Fl. 35	3	1.30	39	2.60	35	3.80	Fl. 35
KNP C	Fl. 130	45	10	-	-	-	-	Fl. 139
KNP P	Fl. 120	75	0.60	-	-	-	-	Fl. 139
NEDLLOYD C	Fl. 210	501	9.50	137	18.50	30	20.50 B	Fl. 212.30
NEDLLOYD P	Fl. 170	5	1	58	3.50	-	-	Fl. 212.30
NAT.NED. C	Fl. 60	24	2.30	305	3.80	16	4.50	Fl. 60.20
NAT.NED. P	Fl. 55	2	0.50	18	2.10	-	-	Fl. 60.20
PHILIPS C	Fl. 30	1074	1.10	306	1.90	102	2.90	Fl. 30.10
PHILIPS P	Fl. 30	75	1.60	68	2.60	3	3.30	Fl. 30.10
ROYAL DUTCH C	Fl. 240	433	1	680	3	178	5	Fl. 227.80
ROYAL DUTCH P	Fl. 210	144	0.70	252	5	41	8.60	Fl. 227.80
UNILEVER C	Fl. 120	188	2.20	170	.5	51	7.50	Fl. 116.80
UNILEVER P	Fl. 110	51	1.40	191	5 B	12	6	Fl. 116.80

TOTAL VOLUME IN CONTRACTS : 31,907

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	8½	Citibank NA	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	City Merchants Bank	8½	NatWestminster	8½
AAB - Allied Arab Bk	9	Clydesdale Bank	8½	Northern Bank Ltd	8½
Allied Irish Bank	8½	Comm. Bk. N. East	8½	Norwich Gen. Trust	8½
Henry Ansbacher	8½	Consolidated Cred	8½	PK Finans. Intl(UK)	9
ANZ Banking Group	9	Co-operative Bank	*8½	Provincial Bank PLC	9½
Associates Cap Corp	10	Cyprus Popular Bk	8½	R. Raphael & Sons	8½
Authority Bank	8½	Dunbar Bank PLC	8½	Roxburghe G'rantee	10
B & C Merchant Bank	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Banco de Bilbao	9½	Equatorial Bank plc	9	Royal Trust Bank	8½
Bank Hapoalim	8½	Exeter Trust Ltd	9	Smith & Williman Secs.	8½
Bank Leumi (UK)	8½	Financial & Gen. Sec.	8½	Standard Chartered	8½
Bank Credit & Comm	8½	First Nat. Sec. Ltd.	9½	TSB	9
Bank of Cyprus	8½	● Robert Fleming & Co.	8½	UDT Mortgage Exp	§10.2
Bank of Ireland	8½	Robert Fraser & Ptnrs.	9½	United Bk of Kuwait	8½
Bank of India	8½	Girobank	8½	United Mizrahi Bank	8½
Bank of Scotland	8½	Grindlays Bank	9	Unity Trust Bank Plc	8½
Banque Belge Ltd	8½	● Guinness Mahon	8½	Western Trust	8½
Barclays Bank	8½	HFC Trust & Savings	8½	Westpac Bank Corp.	8½
Benchmark Bank PLC	9	● Hambros Bank	8½	Whiteaway Laidlaw	9
Berliner Bank AG	8½	Heritable & Gen Inv Bk	8½	Yorkshire Bank	8½
Brit Bk of Mid East	8½	● Hill Samuel	§8½		
● Brown Shipley	8½	C. Hoare & Co.	8½		
Business Mtge Tst	9	Hongkong & Shangh	8½		
CL Bank Nederland	8½	Lloyds Bank	8½		
Central Capital	8½	Meghraj Bank Ltd	8½		
● Charterhouse Bank	8½	Midland Bank	8½		
		● Morgan Grenfell	8½		
		Mount Bnkg Corp.	8½		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 3.50%. Mortgage 9.625% - 10%

FT CROSSWORD No.6,588

SET BY DANTE

ACROSS

1 Chest? He sounds as though he's got a bad one (6)
4 Precise bill put before a junior minister (8)
10 He mingles with the crowd to get food (7)
11 Literary supplements? (7)
12 Gets harder scenes to play (4)
13 Mint a copper sovereign (10)
15 Lost one's temper with a guard (6)
16 Sees trouble, grabs a hat and gets out (7)
20 Indeed it's 12+ cents charged to one's account (7)
21 The Pope goes out to meet the French nation (6)
24 Hot stew taken in by medical orderly (10)
26 It's bad form not to (4)
28 I'd learn about part of the British Isles (7)
29 A little Latin is required (7)
30 Colours of average quality (8)
31 Wizard flier (6)

DOWN

1 Describing a certain bird? (8)
2 Painful effect of exposure may be best for it (5)
3 Objects when tips are offered? (4)
5 Relatively close? (8)
6 Dukes aren't given to breaking promises (10)
7 In any case no trouble (5)
8 Supply with power (6)
9 Instruct a lawyer to be precise (5)
14 Crook held in gaol in N. Sea island (10)
17 Curious, prim Alice learnt by experience (8)
18 Confuse by suggesting that one should be less calm (8)
19 Director of the main course (6)
22 It is included in a doctor's rounds (6)
23 May be easy or sticky (5)
25 The "thank you" letter one gets from Greece (5)
27 Woodcutter found wandering in a daze (4)

Solution to Puzzle No.6,587

STAPLE INSPIRED
ORPINE CREDITOR
TURNOVER SCARCE
NOTE COFFERS
EARNEST BEAR
EXEUNT CROWNING
THEBACKS SAVANT
RESIDENT ASSETS

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ — 01-588 6993/4/5

Scimitar Global Gth Ac.	29.9	31.9	-0.1	–
Do. Income	29.7	31.7	–	0.19
Scimitar European Acc.	21.4	22.8	-0.2	–
Do. Income	21.3	22.7	-0.2	0.11
Scimitar UK Eq Inc Acc.	36.7	38.7	-0.1	–
Do. Income	34.3	36.2xd	-0.1	5.36
UK Cap Gth Acc.	25.5	26.9	–	0.75
Scimitar Pac. Basin Acc.	30.8	32.8	+0.1	–
Scimitar Mngd Exempt	143.3	149.9xd	+0.1	–

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrew Sq, Edinburgh — 031-558 1052

Intnl Income Units	231.3	239.7	+2.3	3.18
Intnl Accum Units	200.9	213.7	+3.6	3.18
UK General Acc.	38.7	41.4	-0.2	3.38
UK General Inc.	37.2	39.8	-0.3	3.38
American	27.7	29.6	-0.3	2.13
European	35.2	37.7	-0.2	1.26
Japan	57.7	61.7	-0.3	0.05
Technology	35.1	37.5xd	-0.5	2.29
Performance Trusts				
Far East Perf Tst.	19.2	20.5	–	2.80
High Inc Perf Tst Inc.	24.5	26.2	-0.1	5.36
High Inc Perf Tst Acc.	25.0	26.7	-0.1	5.36
Worldwide Tact Perf Tst.	28.6	30.6	-0.1	2.71

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh — 031-225 2211

Ben Nevis (UK)	215.5	230.5	-0.9	2.60
Columbus (US)	132.1	141.3	-0.8	1.58
Marco Polo (Pac)	216.8	231.9	-0.8	0.20
Da Vinci (Eur)	226.0	241.8	-0.4	1.58
Drake (Wwd)	53.6	57.4	-0.2	2.73

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN — 041-248 6100

UK Equity	207.9	221.2	-0.3	2.92
UK Smllr. Cos. Equity	213.7	227.4	+0.1	1.95
UK Special Situations	61.9	65.9	-0.2	3.16
Income Plus	53.2	56.7	+0.1	5.58
European	163.6	174.1	+1.6	1.08
Far Eastern	53.8	57.3	-0.6	1.84
Japanese †	55.1	58.7	-0.2	–
North American	113.7	121.0	-1.1	1.35
International Growth	109.3	116.3	-0.5	1.33
Worldwide Venture	53.6	57.1	–	3.02

Trades Union Unit Trust Managers
100 Wood Street, London EC2 — 01-606 4355

TUUT Mar 1	212.5	225.7xd	–	3.22

Triton Fd Mngrs. Ltd.
Royal Ldn. Hse. Colchester CO1 1RA — 0206 764400

Triton General	150.2	161.4	-0.1	1.55

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N — 248 3399

Convertible & General	60.5	64.2	+0.1	6.05
Accum Units	62.2	66.0	–	–
Income	81.8	86.8	–	4.50
Accum Units	81.8	86.8	–	–
Smaller Co's	85.9	91.1xd	+0.5	1.84
Accum Units	86.6	92.0	+0.5	–
UK Growth	86.9	92.2xd	-0.1	2.19
Accum Units	88.1	93.4	-0.1	–
Pacific Gold Tst Acc.	47.7	50.5	–	–

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL — 0403 40053

British Growth Fd.	59.7	63.6	(u)	1.48
Technical Analysis Fd.	51.0	54.3	(z)	3.34

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA — 01-588 6064
Advisers: Henderson Crosthwaite Ltd

Friars Hse Cap Fd.	182.7	194.4	–	1.57
Friars Hse Inc Fd.	151.4	159.4	–	5.44

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7. — 01-534 5544

United Charities	175.3	184.9	+0.2	4.60

Vanguard Trust Managers Ltd (z)
65 Holborn Viaduct, London EC1A 2EU — 01-236 3053
Dealing Line: 01-236 2468

Greyfriars	182.8	194.5xd	–	1.54
(Accum Units)	187.0	198.9	–	1.54
Far East & Gen.	55.3	58.8	–	–
(Accum Units)	55.3	58.8	–	–
Master Portfolio	67.475	69.205	-0.057	2.98
(Accum Units)	69.344	71.122	-0.059	2.98
American & Gen.	56.1	59.7xd	–	1.72
(Accum Units)	57.6	61.3	–	1.72
Growth	214.5	228.2xd	-0.9	2.01
(Accum Units)	323.4	344.0	-1.6	2.01
High Yield	275.4	293.0	–	4.22
(Accum Units)	295.4	314.2	–	4.22
Special Sits.	53.6	57.0	+0.1	1.83

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assur.	385.0	405.3	.....	–
Eb'r Ph. Eq.	341.6	362.5	.....	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	169.3	178.2	-0.6	–
International Acc.	128.8	135.5	-0.6	–
Property Acc.	125.6	132.2	.....	–
Fixed Interest Acc.	154.9	163.0	-0.1	–
Money Acc.	137.4	144.6	+0.1	–
Bldg. Soc. Link Acc.	134.5	141.5	.....	–
Special Mngd. Acc.	148.8	156.6	-0.4	–
Phoenix/Framlington				
Intnl. Growth Acc.	89.8	94.5	+0.2	–
Amer. & Gen. Acc.	82.6	86.9	-0.5	–
Capital Tst. Acc.	176.8	186.1	+0.6	–
Japan & Gen Acc.	183.1	192.7	+1.2	–
American Turn. Acc.	85.9	90.4	-0.8	–
Recovery Tst. Acc.	172.9	181.9	+0.1	–
Special Mngd Acc.	145.2	152.8	+0.5	–
Phoenix/GT				
International Acc.	122.1	128.5	+0.4	–
US & General Acc.	90.5	95.2	.....	–
Amer Spec Sits Acc.	65.8	69.2	+0.3	–
Japan & General Acc.	176.9	186.2	-1.0	–
Far East & Gen Acc.	140.3	147.6	+0.7	–
UK Capital Acc.	175.2	184.4	.....	–
European Acc.	134.9	141.9	-1.7	–
Special Mngd Acc.	127.1	133.7	+0.9	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd. N. Waterloo, Liverpool 051-928 6655

Managed Fund.	268.6	282.8	.....	–

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987/88 High	1987/88 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Exch 10½pc '88	[illegible]	.....	10.48	8.60
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]	.....	9.73	8.48
[illegible]	[illegible]	Transport 3pc '78-88	[illegible]	[illegible]	3.03	6.57
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]	[illegible]	9.45	8.66
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	.....	11.23	8.71
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	[illegible]	9.42	8.61
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	.....	3.12	6.63
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	[illegible]	10.30	8.76
[illegible]	[illegible]	Exch 10pc 1989	[illegible]	.....	9.85	8.77
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	.....	10.67	8.78
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]	[illegible]	5.20	7.57
[illegible]	[illegible]	Exch 10¼pcCv '89	[illegible]	.....	9.87	7.67
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	.....	12.17	8.80
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	10.61	8.83
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	[illegible]	11.74	8.89
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	[illegible]	3.25	6.99
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	[illegible]	[illegible]	8.33	8.74
[illegible]	98	Treas. 8pc Cv 1990	[illegible]	[illegible]	7.93	7.58
105	[illegible]	Treas. 10pcCv 1990	[illegible]	[illegible]	9.76	8.90
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]	[illegible]	2.79	6.84
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	11.00	8.94
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	6.13	8.07
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3.39	7.15
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	[illegible]	9.59	8.45
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	10.36	8.95
99	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	8.23	8.88
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	11.40	9.00
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	9.68	8.98
[illegible]	[illegible]	Treas 8pc 1992 ‡‡	[illegible]	[illegible]	8.25	8.90
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.01	9.03
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.54	7.27
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	11.01	9.08
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	11.65	9.10

Five to Fifteen Years

1987/88 High	1987/88 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	9.64	9.07
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]	[illegible]	10.98	9.13
[illegible]	[illegible]	Funding 6pc 1993‡‡	[illegible]	[illegible]	6.56	7.95
[illegible]	[illegible]	Treas 13¾pc 1993‡‡	[illegible]	[illegible]	11.51	9.24
[illegible]	50	Treas 8½pc 1994 (50pd)●	[illegible]	[illegible]	8.76	9.16
[illegible]	[illegible]	Treas 14½pc 1994‡‡	[illegible]	[illegible]	11.72	9.21
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	11.32	9.29
[illegible]	[illegible]	Treas. 10pc Ln. 1994‡‡	[illegible]	[illegible]	9.62	9.14
[illegible]	[illegible]	Exch. 12½pc 1994	[illegible]	[illegible]	10.85	9.29
[illegible]	[illegible]	Treas 9pc 1994‡‡	[illegible]	[illegible]	9.03	9.06
[illegible]	[illegible]	Treas 12pc 1995	[illegible]	[illegible]	10.59	9.31
[illegible]	76	Exch 3pc Gas 90-95	[illegible]	.....	3.65	6.14
[illegible]	[illegible]	Exch. 10¼pc 1995	[illegible]	[illegible]	9.74	9.24
[illegible]	[illegible]	Treas 12¾pc 1995‡‡	[illegible]	[illegible]	10.78	9.34

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

BRITISH FUNDS—Contd

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1987/88 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
44⅛	21½	Sun Co. Inc. $1	31⅞	......	$3.00	–	5.1
42¼	22⅛	TRW Inc. 62½c	28½	−⅛	h$1.60	–	3.1
37⅞	21	Tenneco $5	24⅞	......	$3.04	–	6.9
220	149½	Do. 10pcLn.Stk. 91-5	155	......	10%	–	f4.7
29⅝	15⅞	Texaco $6.25	24¾	+⅛	$3.00	–	6.6
74⅞	36⅞	Time Inc. $1	50⅞	−⅛	$1.00	–	1.1
30⅛	15	Transamerica $1	19⅞	−½	$1.84	–	5.2
14⅛	1¼	Transworld Corp $5	970p	−30	20c	–	1.1
27⅛	12¼	TRINOVA Corp.	18⅞	−⅛	56c	–	1.6
24⅞	12⅜	USX $1	17⅞	−⅛	$1.20	–	3.8
37⅞	16¼	Utd Technologies	22¾	−⅛	$1.40	–	3.4
38⅛	25¾	US West	28⅞	−⅛	$3.28	–	6.2
30½	17½	Waste Management $1	19⅞	−⅛	36c	–	1.0
31¼	11⅛	Whirlpool $1	14⅞	−⅛	–	–	–
37½	16½	Woolworth $3½	25⅝	−⅛	$1.32	–	2.8

CANADIANS

1987/88 High	Low	Stock	Price	+ or −	Div Gross	C'vr	Y'ld Gr's
691p	213¾p	ABM Gold Corp	213¾p	−5	–	–	–
32p	10p	Abbot Energy Corp.	25¾p	......	–	–	–
18⅛	506p	Amer. Barrick Res.	11½	+⅛	–	–	–
141p	3½p	American Lightwave	4p	−¼	–	–	–
122p	25p	Armeno	29¾p	−½	–	–	–
117p	39½p	Augmitto Expln.	52½p	......	–	–	–
19⅛	10⅝	Bk. Montreal	11⅞	......	$2.00	–	7.4
10½	488p	Bk. Nova Scot.	581p	−5	72c	–	5.5

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Contd

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING—Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ∦ Price at time of suspension
- §§ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☒ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	73	......
Craig & Rose £1	488	......
Finlay Pkg. 5p	78	......
Holt (Jos) 25p	£11⅝	......

IRISH

Fund 11¼% 1988	£100⅜	......
Nat. 9¾% 84/89	£100⅜	......
Fin. 13% 97/02	£115½	......
Arnotts	385	......
CPI Hldgs.	78	−2
Carroll Inds.	157	......
Hall (R. & H.)	108	+1
Helton Hldgs.	45	+1
Irish Ropes	120	......
Unidare	331½	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp.	40
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	24
Cadburys	26
Charter Cons.	32
Comm Union	35
Courtaulds	54
[illegible]	[illegible]
NEI	10
Nat West Bk.	60
P & O Dfd.	52
Plessey	16
Polly Peck	32
Racal Elect.	22
RHM	35
Rank Org Ord.	60
Reed Intnl	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	20
Unilever	50
Vickers	18
Wellcome	42

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Account Dealing Dates			
*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 7	Mar 17	Mar 18	Mar 28
Mar 21	Apl 7	Apl 8	Apl 18
Apl 11	Apl 21	Apl 22	May 3

*New time dealings may take place from 9.00 am two business days earlier.

Leading shares drift lower as volume contracts again but Gilts rally in quiet trade

The continued absence of a positive lead from the UK institutions on investment prospects meant another session of muted interest and low volume in UK security markets yesterday. Leading shares drifted lower until mid-afternnon when the movement was reversed by early Wall Street indications while Government stocks managed a modest recovery behind other international bonds.

With both Wall Street and the Tokyo market hoisting dull signals overnight, equities were assured of a drab trading performance. Currency movements became a major influence, and a slightly steadier dollar encouraged modest US support of blue chip and other quality issues. Glaxo were high on the list, along with Jaguar and Maxwell *Communication.*

A small "buy" programme was mentioned but there was little increase in futures-related activity, which usually signifies such deals by a marked expansion in business, to support the claim. Traders probably misread a mid-morning development in the futures market which took the "footsie" contract to a short-lived reasonable premium over the index.

The challenge to UK industry, the Chancellor urged industrialists to outperform overseas rivals now Government had reduced *taxes and improved the environment* for business, hardly affected sentiment. Similarly, a fall of 1.8 per cent in US durable goods orders last month, which defied forecasts of a rise ranging to 1 per cent, made little impression on Wall Street early yesterday.

One result of the indecision currently affecting markets was a further contraction in equity turnover. Only 313.7m shares were traded, the lowest for some weeks, and it was noticeable that even good trading statements produced a sluggish response. *The FT-SE index fluctuated narrowly*, the range being less than eight points, before closing 5.7 down on the day at 1835.4.

Currency and US bond influences touched off early re-cyclingof Gilt-edged stock but trading soon slowed and the steam went out of the market. Gains among the longs were later pared as traders unwound loose positions but the undertone remained sound, supported by the firmness of the T-bond in London, and prices nudged higher again late to close ¾ up on the session.

Foreign investors held back waiting to see if sterling would test D-mark 3.10 again – the rate closed at 3.075 – although it is far from certain whether the UK authorities would intervene at that level. Warburg Securities said recently "there appears to be no fixed ceiling to sterling now – a rise in sterling is seen as being equivalent to a tightening of monetary policy that needs to be offset by lower interest rates".

Domestic operators made minor excursions into the market, but generally seem content with present weightings ahead of the UK trade figures, due on Friday. Estimates of the likely deficit on current account for February range from £200m to £500, compared with the previous month's unexpected and distorted £905m.

Ferranti were easily the heaviest traded stock in the electrical and electronics market with some 11m shares moving through *the SEAQ system. The share* price touched 87p at various intervals during the session but each time eased back to close a net penny harder at 86p.

Dealers said the continued substantial turnover in the stock reflected big two-way interest in front of a major presentation to sector analysts in Manchester today, and also persistent market rumours that a sizeable share stake could be being accumulated.

Plessey also attracted a large turnover – 5.7m shares being traded. There were stories that *Friday's egm vote on the tele*coms merger with GEC could be followed by the disclosure of the identity of the party thought to have built up a 4 per cent stake over the past few months. Plessey shares rose 5¼ to 162p.

The surprise cancellation of the Press conference to have been held by Rilwanu Lukman, the OPEC President, triggered a sudden downward spiral in crude oil prices – May Brent dropped more than 50 cents a barrel at one point – and sent oil shares tumbling. The actual amount of selling pressure at the end of the *session was said to have been* "nothing out of the ordinary", but one analyst reported that some dealers panicked.

BP "old" fell 5 to 274p on turnover of 3.3m shares while the partly-paid were finally 2 off at 77½p on volume of 5.6m.

British Gas slipped a penny to 139½p after the company drew shareholders' notice to payment of the final tranche of 40p on the shares, due April 19.

P & O pleased the market with the announcement of preliminary figures well above the highest forecast. The group revealed pre-tax annual profits of £274.7m, which compared with a top market estimate of £265m, and only £174.1m the previous year.

Despite the current uncertainty caused by the labour dispute at P & O European Ferries (Dover) over redundancies and changes in working practices, the P & O share price moved ahead strongly in a volume of some 2.6m shares to close 16 higher at 605p.

Pleasurama, the major UK leisure group, rose 6 to 192p *after* disclosing highly satisfactory full-year results: Mr Roy Owens, analyst at Kitcat and Aitken, has upgraded his forecast for this year to £60m and rates the shares "an excellent medium-term buy on the basis that the company should produce above average quality earnings growth".

The financial sector was *"almost becalmed"* according to one senior trader. The "big-four" banks paraded minor movements in either direction – Midland, still helped by a BZW recommendation, edged up 4 to 414p.

Guarded Press comment on the proposed acquisition of Citizens Financial Group saw Royal Bank of Scotland dip a few pence to 361p.

Merchant banks included an outstanding performer in Morgan Grenfell, which jumped 8 to 2678p after being described by BZW, the securities house, as a "speculative buy". Elsewhere Benchmark Group rose 4 to 31p after the preliminary figures.

Life assurances suffered from lack of interest but were additionally unsettled by preliminary figures from Prudential which were "well below best estimates" according to one trader. The pre-tax profit figure came out at £206m – the very bottom of forecasts which had ranged up to £230m. "In particular life profits growth was very disappointing", a dealer said. Prudential shares dropped to 860p at one point before rallying late to close a net 13 off at 868p.

Offerings of Pearl Group found willing buyers, adding to stories that Larry Adler's FAI could well be back in the market; Pearl's share price slipped back late to close 6 off at 452p. Composite insurances remained dispirited as did most of the brokers.

Vaux came to life with a flourish, rising 18 to 535p in the wake of an upgraded profits forecast from Panmure Gordon.

The Building sector gave another resilient performance with leading issues edging higher on selective demand. BPB Industries were 5 up at 294p and Blue Circle improved 3 to 461p, while RMC moved up 10 to 468p. A "buy" recommendation from Phillips and Drew boosted Costain 6 to 335p, while keen demand from Chase Manhattan Securities lifted AMEC 3 to 378p. John Laing gained 5 to 310p ahead of results due shortly and Alfred McAlpine picked up 8 at 454p. Barratt Developments gained 9 to 216p ahead of today's half-timer, but John Maunders shed 4 to 96p, the increased interim profits being discounted. Sharpe and Fisher responded to excellent annual results with a gain of 18 at 225p, but Tay Homes shed 22 to 356p following interim figures. Stanley Miller revealed acutely disappointing preliminary profits and dipped to 63p before closing a net 5 down at 68p.

Wolstenholme Rink attracted support following the good annual results and rose 10 to 290p, *but Rentokil* were a shade cheaper at 200p awaiting today's full-year statement.

The surprise £29m rights issue from D-I-Y group Wickes saw the shares retreat to 258p before closing a net 10 off at 260p. *Other* stores issues were mostly restrained although turnover kept up well in Marks and Spencer with 6.1m traded ahead of the outcome of the battle for control of America's Federated Department Stores which should be known by the end of the week; M & S shares settled unchanged at 179p.

Sears showed a turnover of 3.8m and were similarly unchanged at 139p but not before stories had done the rounds to the effect that the Al-Fayeds could be adjusting their shareholding in the group; Sears shares have performed well since the alterations to CGT announced in the budget.

Burton Group dipped 9 to 252p on turnover of 2m reflecting profit-taking after the group revealed interim profits of £109.5m – spot on market estimates. Woolworth, due to announce preliminary figures, possibly in the region of £140m *today, slipped 5 to 294p;* dealers will be looking closely at the performance of Woolworths Comet division as a clue to Dixons' showing and also to B & Q as a pointer to Ward White. The latter rose 5 to 329p, partly reflecting a squeeze, dealers said.

Cable & Wireless moved up 5 to 340p on turnover of almost 3m shares with sentiment given a boost by the firmer showing by the dollar against sterling.

Preliminary figures from Bowthorpe – profits were up some 14 per cent from £28m to £32.5m – failed to match best expectations and the shares dipped 6 to 173p. Memec dropped 16 to 201p.

Among the occasional movements in the Engineering sector, Matthew Hall stood out with a rise of 8 at 140p in the wake of speculative demand prompted by takeover rumours.

Food Retailers turned easier in the absence of any worthwhile business, Argyll shedding 4 to 205p and Tesco losing a similar amount at 163p. Against the trend, Barker and Dobson firmed 5 to 151p ahead of today's preliminary figures, and Kwik Save gained 10 to 355p following a squeeze on traders' short book positions. Elsewhere, renewed speculative buying lifted J.E. England 10 to 78p. Booker, down 7 at 402p on Monday following the annual results, were unchanged yesterday after a *Phillips and Drew presentation.*

The volume of business in International stocks failed to expand from recent low levels. Sentiment remained uncertain but quotations rarely strayed from their overnight positions and closing movements were no worse than narrowly mixed.

Hunter, reflecting bumper preliminary figures and the proposed three-for-one scrip issue, moved up 10 to 925p, while Unigroup, still responding to the half-year profits recovery, put on 5 more to 63p. GC Flooring and Furnishing, a rising market lately, reacted swiftly after revealing disappointing interim figures and closed 12 lower at 68p. Oriflame, down 10 at 227p, *failed to benefit from the agreed* sale of its subsidiary, Goldsmiths, via a management buy-out for a consideration of £43m. News of the proposed rights issue unsettled J. Williams, which dipped 3 to 31p, but further consideration of the preliminary figures nudged Suter 4 higher to 174p. Courtney Pope encountered a burst of speculative activity and settled 27 up at 233p.

Trinity International Holdings, the newspaper publisher and paper and packaging manufacturers, responded to the increased dividend and annual profits by rising 18 to 728p. *Elsewhere,* Boase Massimi Pollitt edged up 4 to 301p after the second interim figures.

Properties drew fresh strength from the Budget proposals on CGT, Land Securities touching 541p prior to closing 2 higher at 539p. Hammerson A moved up 11 at 601p and British Land firmed 4½ to 305p. Greycoat were in demand at 363p, up 12, while recently overlooked Wates City of London revived with a gain of 6 at 179p. Stanhope, one of the biggest stocks in terms of market capitalisation traded in the Unlisted Securities Market, gained 13 to 212p following highly satisfactory half-year figures and talk of a major property letting. Rosehaugh, Stanhope's partner in the prestigious Broadgate Development at Liverpool Street Station, London, were finally 19 higher at 668p.

Hugh Mackay, manufacturer and distributor of carpets, continued to hold the limelight in the Textile sector, rising 10 further to 283p on the bumper annual results.

Financials were featured by a rise of 23 to 193p in Framlington in belated response to the offer worth 192p nominal in convertible loan stock from Throgmorton Trust. Interest in other fund management groups tended to fade, but Tyndall continued to make progress, closing 7 dearer at 138p.

Traded Option business was concentrated on a handful of stocks. British Gas saw a sizeable bargain of 3,000 contracts spread between July and October 140's, while Hanson registered 810 calls evenly spread and 1,588 puts. The FTSE contract attracted 411 calls and 3,510 puts, while the total number of contracts came out at 26,356.

Traditional Options

● First dealings Mar 14
● Last dealings Mar 25
● Last declarations June 16
● For Settlement June 27

For rate indications see end of London Share Service

Interest in the Traditional option market remained at a relatively high level. Stocks to attract money for the call included Helical Bar, Albert Fisher, Eurotunnel, Owners Abroad, Hambro Countrywide, CASE, British Petroleum partly-paid, Waterford Glass warrants, Elswick, Benchmark, Brown and Jackson, Premier Consolidated, Belhaven, BTP and Polymark. Helical Bar and Cowan de Groot were dealt in for the put, while double options were arranged in British Petroleum partly-paid and Dixons.

FINANCIAL TIMES STOCK INDICES

	Mar. 22	Mar. 21	Mar. 18	Mar. 17	Mar. 16	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	90.28	90.14	90.30	90.51	90.53	91.66	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.52	97.26	97.49	97.68	97.57	97.32	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1463.2	1462.7	1476.8	1459.1	1455.9	1625.2	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	249.0	242.3	240.9	244.2	246.8	386.6	497.5 (4/8/87)	234.0 (29/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.44	4.44	4.38	4.44	4.45	3.63				
Earnings Yld. % (full)	11.29	11.29	11.18	11.31	11.33	8.33				
P/E Ratio (net) (*)	10.80	10.80	10.91	10.78	10.76	14.72				
SEAQ Bargains (5pm)	31,413	31,558	40,559	31,986	30,600	61,358				
Equity Turnover (£m)	-	915.11	1357.74	1127.39	1166.81	1665.65				
Equity Bargains	-	37,922	44,708	35,514	31,626	70,209				
Shares Traded (ml)	-	419.5	600.2	472.0	499.1	633.7				

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1459.8	1462.4	1463.4	1464.1	1463.5	1462.5	1463.1	1463.9

Day's High 1464.9 Day's low 1459.2

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.68.

S.E ACTIVITY

Indices	Mar.19	Mar.18
Gilt Edged Bargains	122.7	139.3
Equity Bargains	245.7	290.0
Equity Value	1849.7	2744.3
5-Day average		
Gilt Edged Bargains	139.7	145.3
Equity Bargains	235.4	227.0
Equity Value	2209.0	2274.4

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (13).

BRITISH FUNDS (1) Trans 3pc '78-88, CANADIANS (1) Tam Pure Tech., BANKS (1) Moorgate Merc., BREWERS (2) Macallan-Glenlivet, Macdonald Martin "A", BUILDINGS (2) Globe & Dandy, Hatfield Estates, HOTELS (1) Savoy "A", PROPERTY (1) Allied London 6¼pc, TEXTILES (1) Leeds group, TRUSTS (2) G. Rintoul Sep. Cap Prt., St. David Inv Tst Inc., MINES (1) Falcon.

NEW LOWS (13).

CANADIANS (1) AEM Gold, STORES (1) Babygro Hldgs., ELECTRICALS (4) Cifer, Ealing Electro, Highland El., Intl. Colour, FOODS (1) BSN, INDUSTRIALS (3) G.C. Floor. & Furnish., Interurope Tech., Williams (J.), TRUSTS (1) Parrish, OILS (1) Total-Cie Fr. Pet. B, THIRD MARKET (1) Ovoca Gold.

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday March 22 1988 / Mon Mar 21 / Fri Mar 18 / Thu Mar 17 / Year ago (approx)
1	CAPITAL GOODS (209)	[illegible]
2	Building Materials (30)	[illegible]
3	Contracting, Construction (34)	[illegible]
4	Electricals (11)	[illegible]
5	Electronics (32)	[illegible]
6	Mechanical Engineering (58)	[illegible]
8	Metals and Metal Forming (7)	[illegible]
9	Motors (13)	[illegible]
10	Other Industrial Materials (24)	[illegible]
21	CONSUMER GROUP (185)	[illegible]
22	Brewers and Distillers (21)	[illegible]
25	Food Manufacturing (23)	[illegible]
26	Food Retailing (16)	[illegible]
27	Health and Household Products (10)	[illegible]
29	Leisure (31)	[illegible]
31	Packaging & Paper (16)	[illegible]
32	Publishing & Printing (16)	[illegible]
34	Stores (34)	[illegible]
35	Textiles (18)	[illegible]
40	OTHER GROUPS (93)	[illegible]
41	Agencies (19)	[illegible]
42	Chemicals (20)	[illegible]
43	Conglomerates (14)	[illegible]
45	Shipping and Transport (12)	[illegible]
47	Telephone Networks (2)	[illegible]
48	Miscellaneous (26)	[illegible]
49	INDUSTRIAL GROUP (487)	[illegible]
51	Oil & Gas (13)	[illegible]
59	500 SHARE INDEX (500)	[illegible]
61	FINANCIAL GROUP (122)	[illegible]
62	Banks (8)	[illegible]
65	Insurance (Life) (8)	[illegible]
66	Insurance (Composite) (7)	[illegible]
67	Insurance (Brokers) (7)	[illegible]
68	Merchant Banks (11)	[illegible]
69	Property (51)	[illegible]
70	Other Financial (30)	[illegible]
71	Investment Trusts (82)	[illegible]
81	Mining Finance (2)	[illegible]
91	Overseas Traders (8)	[illegible]
99	ALL-SHARE INDEX (714)	[illegible]
	FT-SE 100 SHARE INDEX ‡	[illegible]

FIXED INTEREST

	PRICE INDICES	Tue Mar 22	Day's change %	Mon Mar 21	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	123.85	+0.12	122.90	-	3.39
2	5-15 years	141.76	+0.25	141.41	-	2.48
3	Over 15 years	150.08	+0.40	149.49	-	4.16
4	Irredeemables	168.63	+0.19	168.32	-	1.54
5	All stocks	137.98	+0.23	137.66	-	3.05
	Index-Linked					
6	5 years	124.40	+0.09	124.30	-	0.51
7	Over 5 years	117.55	+0.23	117.28	-	0.88
8	All stocks	117.96	+0.22	117.69	-	0.85
9	Debentures & Loans	119.42	+0.07	119.34	-	1.78
10	Preference	88.57	+0.24	88.36	-	1.39

AVERAGE GROSS REDEMPTION YIELDS — [illegible]

‡Opening index 1836.4; 10 am 1839.5; 11 am 1840.1; Noon 1840.2; 1 pm 1836.9; 2 pm 1836.0; 3 pm 1837.0; 3.30 pm 1836.8; 4 pm 1835.8

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*375)	330	48	57	60	3	8	9
	360	23	35	42	7	20	23
	390	8	20	27	22	35	40
Brit. Airways (*177)	140	38	40	43	1	4	9
	160	19	22	28	3	9	15

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
LASMO (*329)	300	38	48	60	14	16	25
	330	20	30	43	28	33	37
	360	10	-	-	48	-	-
P. & O. (*608)	550	64	77	92	10	17	25
	600	27	47	60	28	37	45

Total Contracts 26,356 Calls 16,996 Puts 9,360. FT-SE Index Calls 411 Puts 3,510. *Underlying security price.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's
ASDA Group	2,400	Enterprise Oil	[illegible]
Allied-Lyons	1,300	Fisons	[illegible]
Amstrad	1,700	General Accident	[illegible]
Argyll Group	1,800	General Elect.	[illegible]
Assoc. Brit. Foods	1,800	Glaxo	[illegible]
BAA	1,300	Globe Investment	[illegible]
BAT	890	Granada	[illegible]
BET	1,200	Grand Met.	[illegible]
BICC	166	GUS "A"	[illegible]
BOC	273	Guardian R.E.	[illegible]
BPB Inds	1,000	GKN	[illegible]
BTR	2,500	Guinness	[illegible]
Barclays	829	Hammerson	[illegible]
Bass	405	Hanson	[illegible]
Beecham	812	Hawker Siddeley	[illegible]
Blue Arrow	1,300	Hillsdown Holdings	[illegible]
Blue Circle	252	IMI	[illegible]
Boots	870	ICI	[illegible]
Brit. Airways	1,200	Jaguar	[illegible]
Brit. Aerospace	523	Ladbroke	[illegible]
Brit. & Comm.	494	Land Securities	[illegible]
British Gas	10,000	Laporte	[illegible]
BP	3,200	Legal & General	[illegible]
Brit. Telecom	2,400	Lloyds Bank	[illegible]
Bunzl	1,700	LASMO	[illegible]
Burmah Oil	275	Lonrho	[illegible]
Burton	2,000	Lucas	[illegible]
Cable & Wireless	2,900	MEPC	[illegible]
Cadbury Schweppes	1,400	Marks & Spencer	[illegible]
Coats Viyella	356	Maxwell Comm.	[illegible]
Commercial Union	352	Metal Box	[illegible]
Cons. Gold	1,100	Midland Bank	[illegible]
Cookson	562	NatWest Bank	[illegible]
Courtaulds	275	Next	[illegible]
Dalgety	253	Northern Foods	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	93	6	15
Corporations, Dominion and Foreign Bonds	24	0	17
Industrials	387	435	743
Financial and Properties	142	147	432
Oils	22	33	54
Plantations	0	0	13
Mines	76	21	40
Others	58	111	108
Totals	802	753	1,422

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA / BELGIUM/LUXEMBOURG / DENMARK / FINLAND / FRANCE / GERMANY / ITALY / NETHERLANDS / NORWAY / SPAIN / SWEDEN / SWITZERLAND / SOUTH AFRICA / AUSTRALIA / HONG KONG / SINGAPORE / JAPAN

[illegible]

CANADA

TORONTO
Closing prices March 22

[illegible]

MONTREAL
Closing prices March 22

[illegible]

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 45

[illegible]

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas.10pc.2003	£106⅜	+ ⅜
Barratt Devl.	216	+ 9
Courtney Pope	233	+ 27
Evans Halshaw	313	+ 20
Framlington	193	+ 23
Greycoat	363	+ 12
Hall (M.)	140	+ 8
Kwik Save	355	+ 10
Mackay (H.)	283	+ 10
Morgan Grenfell	288	+ 8
Plessey	162	+ 5½
RMC	469	+ 11
Sharpe & Fisher	225	+ 18
Stanhope Props.	212	+ 13
Trinity Intl.	728	+ 18
Vaux	535	+ 18

FALLS

Burton	252	− 9
Miller (Stanley)	68	− 5
Prudential	858	23
TVS	302	16

TOKYO - Most Active Stocks
Tuesday, March 22, 1988

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	192.31m	475	+2
Sumitomo Metal	98.82m	386	+5
Ishikawajima-Harima Heavy Industries	91.75m	970	+57
Kawasaki Heavy Industries	82.13m	390	+32
Onoda Cement	45.90m	901	+42
Nisshin Steel	41.29m	853	+9
Kawasaki Steel	39.54m	409	-1
Nippon Kokan	35.62m	401	+2
Kobe Steel	32.07m	336	+7
Mitsubishi Heavy Industries	31.81m	678	+1

INDICES

NEW YORK — DOW JONES

[illegible]

TRADING ACTIVITY

Millions	Mar. 21	Mar. 18	Mar. 17
New York	129 645	248 007	211.920
Amex	9 060	13 880	11.425
OTC	121.871	189.122	161.048

NEW YORK			
Falls	1,020	824	545
Unchanged	449	440	464
New Highs	16	30	33
New Lows	7	6	5

CANADA

TORONTO	Mar. 21	Mar. 18	Mar. 17	Mar. 16	1987-88 High	1987-88 Low
Metals & Minerals	2716.6	2722.6	2726.9	2685.4	3507.5 (5/10/87)	1988.2 (2/1/87)
Composite	3324.1	3322.6	3319.7	3302.4	4112.9 (13/8/87)	2837.8 (28/10/87)
MONTREAL Portfolio	1648.68	1651.47	1656.12	1642.79	2224.77 (16/7/87)	1435.94 (26/10/87)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Pillsbury	2,537,100	44⅛	+ 1⅛
Vanity Corp	1,543,500	2⅛	− ⅛
Fed Dept Stores	1,533,800	66⅞	+ ⅛
Koppers	1,444,400	57⅛	+ 3⅛
Kroger	1,331,400	34⅝	+ 3⅛
Occidental Pet	1,325,200	29	+ 2
Navistar Intl	1,226,900	6	+ ⅛
Ford Motor	1,216,400	44⅛	− ⅝
Gen Electric	1,210,800	43½	− ½
Firestone	1,186,200	78⅛	+ ½

Base values of all indices are 100 except NYSE All Common − 50; Standard and Poor's − 10; and Toronto Composite and Metals − 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

WORLD INDICES

[illegible]

Base values of all indices are 100 except Brussels SE − 1,000 JSE Gold − 255.7 JSE Industrials − 264.3 and Australia, All Ordinary and Metals − 500; (c) Closed. (u) Unavailable.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
25 5/8	14	AAR s	.36	1.5	20	142	24 3/4	24 1/4	24 1/2	-1/8
38 1/8	21	AFG s	.16	.5	14	1980	32 1/2	32 3/8	32 3/8	
27	10 1/2	AGS s			16	428	18 5/8	18	18 3/8	+3/8
10 1/2	4 3/4	AMCA				5	4 7/8	4 7/8	4 7/8	+1/8
9	3 1/4	AM Intl				1098	4 3/8	4 1/4	4 1/4	
65 1/2	25 3/4	AMR			14	3857	44 5/8	43	44 5/8	+1
27 1/4	24 7/8	ANR pf	2.67	10.		2	26 3/8	26 3/8	26 3/8	-1/8
25	19	ANR pf	2.12	9.1		503	23 1/4	23 1/8	23 1/4	+1/8
12 1/4	6 3/8	ARX			9	106	8 5/8	8 1/4	8 5/8	+1/4
73 1/2	40 3/8	ASA	3	6.4		166	46 7/8	46 1/4	46 5/8	-1/4
22 3/8	9 1/2	AVX			15	419	17 3/4	17 1/2	17 3/4	
67	40	AbtLab	1.20	2.4	18	5077	49 7/8	49 1/8	49 1/4	-1/2
28	15 3/8	Abitibi g				444	20 1/4	20	20	-1/8
16 3/4	8 1/2	AcmeC	.40	3.3		196	12 3/8	12 1/8	12 1/4	+1/8
10 1/2	6 7/8	AcmeE	.32b	3.9	22	45	8 1/4	8	8 1/4	+1/4
20	14 1/8	AdaEx	3.05e	19.		184	16	15 7/8	15 7/8	-1/8
19 3/8	8 7/8	AdamM	.24	1.8	10	46	13	12 3/4	13	+1/8
24 7/8	7 1/2	AMD				1619	12 5/8	12 1/4	12 5/8	+1/2
56 3/4	29 1/4	AMD pf	3	8.2		49	37	36 1/2	36 1/2	-1/2
11 7/8	4 5/8	Adobe			14	120	8	7 3/4	8	+1/4
21 3/4	17 1/2	Adob pf	2.40	12.		5	20 1/2	20 1/4	20 1/2	+1/8
15	6 1/8	Advest	.12a	1.6	8	65	7 5/8	7 5/8	7 5/8	
67 7/8	43 1/2	AetnLf	2.76	6.1	6	2234	45 1/2	45	45	-1/4
83 1/2	41	AffilPub	.40	.6	36	200	64	63 1/2	63 5/8	-1/4
26 1/8	13	Ahmans	.88	5.7	8	1107	15 1/2	15 1/4	15 1/2	+1/4
5 3/8	1 3/4	Aileen				35	2 1/2	2 3/8	2 1/2	
53 7/8	29	AirPrd	1	2.1	15	2021	47 3/4	46 3/4	47 1/8	
36	11 1/8	AirbFrt	.60	3.3	20	336	18 1/2	17 3/4	18 1/8	+3/8
16 1/2	6 3/4	Airgas			18	74	14	13 7/8	14	+1/8
19 3/4	13 1/2	Airlease	[illegible]	12.	10	60	19 1/2	19 1/8	19 1/8	-3/8
7-16	5-16	AlMoan			44	765	7-16	13-32	7-16	+1-
10 5/8	7 5/8	AlaP dpf	.87	9.2		37	9 1/2	9 3/8	9 1/2	+1/8
104 3/4	81 1/2	AlaP pf	9	9.8		z10	91 1/2	91 1/2	91 1/2	-1
110 1/2	103 1/2	AlaP pf	11	10.		z10	106	106	106	
103 3/4	76	AlaP pf	8.16	9.6		z550	85 1/4	85 1/8	85 1/8	-1/8
26 5/8	12 1/4	AlskAir	.16	.9	24	694	17 3/8	16 5/8	17 1/4	+1/4
38	14 3/4	Alberto	.30	1.0	21	100	31 3/4	31 1/8	31 1/2	+1/4
28 1/4	12 3/8	AlbCul	.30	1.3	16	45	24 1/4	23 3/4	23 3/4	
34	20 1/4	Albtsn s	.56	1.9	16	2842	30 1/4	29 1/2	29 7/8	+7/8
37 7/8	18	Alcan s	.72	2.5	12	6493	29 1/4	28 3/4	29	+1/8
30	15 1/4	AlcoS s	.66	2.6	13	662	25 1/4	25 3/8	25 3/4	+1/4
31 3/8	15 7/8	AlexAlx	1	4.4	15	580	22 7/8	22 1/8	22 7/8	+5/8
59	34 3/4	Alexdr			738	13	51 5/8	51 5/8	51 5/8	+3/8
92 1/2	61 1/2	AllegCp			8	7	73 1/2	73 1/8	73 1/2	
24 3/4	2 1/8	vjAlgInt				229	2 3/4	2 5/8	2 3/4	
20 1/8	5 1/4	vjAlgl pr				18	6 1/4	6 1/4	6 1/4	
66 1/2	18	vjAlgl pfC				11	20 1/2	20 1/2	20 1/2	-1/2
34	15 1/8	AlgLudn	.30e	1.2	11	17	25 3/4	25 1/2	25 1/2	
44 3/4	31 3/8	AllgPw	3	7.9	9	300	38 1/8	37 7/8	38 1/8	+1/8
105 7/8	55	Allegis			14	2028	85 1/4	84	84 1/2	-1/8
85 1/2	78 3/4	Alegi wd				368	85 3/8	84 1/8	84 1/4	-1/8
16 3/4	5 1/2	AllenG				349	10 7/8	10 5/8	10 7/8	
24 7/8	9 1/4	Allen pf	1.75	13.		38	14	14	14	
41 1/4	12 3/8	AlldPd			12	424	20 3/8	18 1/2	20	+1 1/2
48 3/4	26	AldSgnl	1.80	5.6	9	3387	32 1/2	31 7/8	32 1/8	-1/8
3 3/8	1	vjAllisC				78	1 1/4	1 1/8	1 1/4	+1/8
31 1/4	4 3/4	AllisC pf				67	5	5	5	
10 3/8	8 7/8	AlstMun	.30e	3.0		432	10 1/8	9 7/8	10	+1/8
34 1/8	23	ALLTL	s1.52	5.0	10	84	31 1/8	30 5/8	30 5/8	-1/2
67	52	ALLT pf	2.06	3.4		8	60	59 1/8	60	+3/8
64 3/4	33 3/4	Alcoa	1.20	2.7	18	2476	46 1/4	45	45	-5/8
32	14	AmxG	n.08e	.3	22	237	22 3/4	22 1/8	22 1/2	-1/2
29 1/4	12 1/2	Amax			23	2432	19 3/4	19 3/8	19 1/2	-1/2
47 3/4	34	Amax pf	3	7.5		5	40 1/4	40 1/4	40 1/4	+1/4
41 7/8	21 1/2	AmHes	.60	2.0	11	1520	30 1/8	29 5/8	30	+5/8
30 3/8	12 3/4	ABrck	s.05e			1790	21	20 3/4	20 3/4	-3/8
60	36 1/2	AmBrnd	2.20	4.9	10	1360	45 1/2	44 3/4	44 3/4	-1/4
34 3/8	27 3/4	ABrd pf	2.75	9.5		6	29	28 3/4	29	
118 3/4	76	ABrd pf	2.67	3.0		2	90 1/2	90 1/2	90 1/2	-1/2
26 5/8	15	ABldM	.90	4.1	15	12	21 3/4	21 3/4	21 3/4	
31 1/2	15 1/2	ABusPr	.88	3.6	15	8	24 3/4	24 1/2	24 1/2	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 45

NYSE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23¾	16¾	PhilaEl	2.20	12.	8	1950	19⅜	19⅛	19⅛	
45½	34	PhE	pfA3.80	10.		z600	36⅝	36⅝	36⅝	+⅝
48	36½	PhE	pfC4.40	11.		z390	40	39⅞	40	+⅛
94½	69	PhE	pfG8.75	11.		z1610	82½	81⅞	82⅝	+½
103½	86	PhE	pfS8.50	10.		z40	91	91	91	+¾
13⅜	11	PhE	pfR1.41	12.		32	12⅛	12	12	−⅛
12½	9⅞	PhE	pfP1.33	12.		22	11½	11¼	11¼	−⅛
85	65⅜	PhE	pfH7.85	11.		z600	73	72⅛	72⅛	−1⅞
12½	9¾	PhE	pfO1.28	11.		72	11¼	10⅞	11¼	+½
117	106⅛	PhE	pfM15.25	14.		z660	109	107¼	107¼	−1¼
102½	86	PhE	pfL9.52	10.		200	92¾	92½	92¾	−¼
100¼	79	PhE	pfK9.50	11.		z300	88⅝	88⅝	88⅝	+⅛
85½	64	PhE	pfJ7.80	11.		z2740	74	72	72	−1½
82½	60	PhE	pfI7.75	11.		z120	72½	72	72½	
17⅜	12⅛	PhilSub	.94	6.2	14	40	15⅜	15¼	15¼	−⅛
124½	77⅛	PhilMr	3.60	3.9	12	5560	93¼	92¾	93	
23⅞	12½	Philpln	.44	2.1	14	224	21¾	20¾	21	−⅝
27⅞	12⅝	PhilGl	.85e	5.4	7	383	16	15⅞	15⅞	−¼
18¾	10	PhilPet	.60	3.6	281	7690	17½	16¾	16⅞	−¾
24¾	22⅞	PhlPt	pf1.75e	7.3		4	23⅞	23⅞	23⅞	
28½	7½	PhlVH s	.28	2.3	6	576	12¼	11⅝	12¼	+½
9¼	2⅝	Phlcorp				526	5⅛	5	5⅛	+⅛
25¼	17½	PiedNG	1.48	6.5	9	101	22⅞	22¾	22¾	−⅛
14⅝	4¾	Pier 1	.05	.6	11	304	7⅞	7½	7¾	+⅛
9¼	5¼	PilgRg	.22e	2.9		171	7½	7⅜	7½	+⅛
14	3⅝	PilgPr	.05	1.2	11	280	4⅞	4⅝	4⅞	
48⅞	28	Pilsbry	1.12	2.5	57	2186	46⅛	44⅞	45⅝	+1⅜
32⅝	26⅜	PinWst	2.80	10.	8	1775	27¼	26⅞	27¼	−⅛
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
85	50	Xerox	3	5.3	11	2046	57	55⅝	56½	−⅛
58⅛	52⅞	Xerox	pf5.45	10.		36	52⅝	52½	52⅝	+⅛
34⅝	19⅛	XTRA	.64	2.0	16	102	32½	31¾	31⅞	−¾
29½	19½	XTRA	pf1.94	7.0		4	27¾	27¾	27¾	+½
33⅞	17½	Yorkin			11	318	31¼	29⅝	31¼	+1¼
7¼	2¼	Zapata				960	3⅛	3	3	
37	13½	Zayre	.40	1.8	10	4337	22¼	21⅝	21¾	+⅜
16⅛	8¾	Zemex	.40	3.3	15	73	12½	11¼	12	+⅞
33⅝	10	ZenithE				1323	17¾	17⅜	17½	−⅛
13½	2½	ZenLab				216	2⅞	2¾	2⅞	+⅛
24	13½	ZenNtl	.80	3.9	10	397	21	20	20¾	+¾
20⅝	11⅜	Zero	.36	2.4	15	112	15⅛	14⅞	15⅛	
30¾	15	Zurnln s	.68	3.0	15	45	23⅛	23	23	+⅛
10⅝	7⅝	Zweig	1.08e	11.		505	10	9⅞	9⅞	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, closing prices

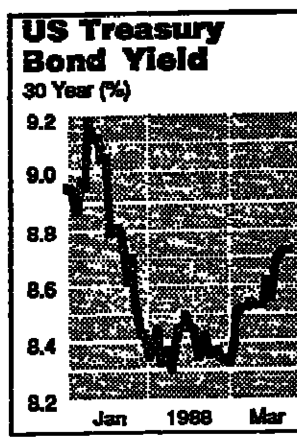
Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 43

FINANCIAL TIMES Wednesday March 23 1988

AMERICA

Dow stagnant as trading volume remains very low



Wall Street

THE EQUITY market put in a desultory performance yesterday, hovering little changed from Monday's weak close in low volume, *writes Janet Bush in New York.*

The Dow Jones Industrial Average closed 0.99 point lower at 2,066.15. Around 143m shares changed hands, only moderately up on Monday's total of 128.8m, the lowest level of activity this year.

US Treasury bonds had a mixed day. Prices yesterday received a temporary boost yesterday morning from news of a 1.8 per cent drop in durable goods orders in February. The consensus forecast had been for a rise of 0.6 per cent. Orders also declined by 1.8 per cent in January.

After a series of economic releases recently which have provided evidence of continued health in the economy, the market was desperate for any sign of weakness.

However, the market failed to attract follow-through buying after the orders data, just as it had failed to build on its rise after last week's news of modestly encouraging trade figures. Prices slumped to stand about ⅛ lower at midsession before recovering somewhat in the afternoon to end mixed.

The Treasury's benchmark long bond closed around ⅛ lower to yield 8.71 per cent.

Equities are suffering from a lack of confidence, having proved incapable of maintaining post-crash highs. The only momentum continues to come from takeover stocks.

The biggest price move in the session came after Lucky Stores announced that it had received an unsolicited offer from American Stores of $45 a share. Lucky Stores' share price jumped $14¼ to close at $46⅞ while American Stores dropped $2¼ to $58¼.

Stop & Shop slipped $1 to $42⅞. The company is facing a strike at 20 of its 47 supermarkets in Connecticut. The store chain has been negotiating with union representatives since February 6 with talks centering on Stop & Shop's plan for a leveraged buy-out by a group including Kohlberg Kravis Roberts & Co.

A lot of morning activity centered around two US subsidiaries of Italian pharmaceutical company Montedison amid speculation that it may be planning to spin them off. Montedison said later it would sell unspecified assets as part of plan to halve its debt by the end of this year. Himont jumped $3⅞ to $44⅞ and Ausimont added $2 to $25⅞. Montedison itself added $⅝ to $11⅞.

Federated Department Stores jumped $2¼ to $69⅞ after news of a revised offer by Campeau Corp of Canada. Campeau announced a scheme under which it would buy 80 per cent of Federated at $88 a share and $37 for the rest, giving a blended value of about $73 a share.

Two pharmaceutical companies with a heavy commitment to AIDS research weakened yesterday after television reports detailing problems with their drug Ribavirin. ICN Pharmaceuticals fell $⅞ to $8⅞ while its subsidiary Viratek lost $1 to $12⅞.

Texaco added $¼ to $45⅞. It looked yesterday as if Texaco's legal wrangles with Pennzoil may be reaching their very final stages. Reports suggested that shareholders had voted overwhelming support for the company's proposed bankruptcy and reorganisation plans, a prerequisite for yesterday's confirmation hearing.

Shoney's South, the restaurant chain, added $1⅛ to $17⅞ after news that it had agreed to be acquired by TPI Enterprises for $18.25 a share. TPI added $⅛ to $5⅞.

Kansas City Southern Industries, the railroad holding company, added another $1⅛ to $56⅞ in the wake of a $60 a share offer from a group of investors led by Mr Howard Kaskel.

Canada

RISING metals buoyed by firming world nickel prices balanced losses by energy stocks in Toronto and left the market mixed at close after a day of light trading.

The composite index rose 6.38 to 3,330.45 while declines outpaced advances by 425 to 391 on turnover of 18.4m shares.

Energy stocks generally fell.

However, Asamera, which said it is providing confidential information to certain companies as it seeks acquisition proposals for the company or one or more of its business segments, rose C$⅞ to C$12 as the most actively traded oil.

ASIA

Yen's strength sparks first downturn in five sessions

Tokyo

THE YEN'S advance against the dollar dampened interest in high-technology stocks and gave Tokyo its first setback in five sessions yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Following Monday's holiday, the Nikkei average fell 123.51 to 25,842.75 on 1.21bn shares, compared with Friday's 1.26bn. The indicator moved between a high of 25,945.42 at the outset and a session low of 25,794.86.

Buying enthusiasm was muted after the fall on Wall Street on Monday and the yen's gains in Tokyo.

Only issues related to Tokyo waterfront projects saw animated trading, thanks mainly to active buying by Nomura Securities. Investors believe redevelopment in the Tokyo Bay area will drastically improve the business of companies with property there.

One such is Ishikawajima-Harima Heavy Industries (IHI), which came third in the active list on 91.75m shares, with Nomura buying 39.69m shares. The issue gained Y37, or 6 per cent, to Y970. Onoda Cement also shot up Y42 to Y901 on the fifth largest trading of 45.90m, of which Nomura's purchases accounted for 10.48m.

Nomura has been buying IHI shares continuously and an official at a leading securities house said the number of the company's shares on the market had shrunk, with consequent sharp movements in its price.

The popularity of the two issues encouraged investors to buy steels and shipbuildings. Nippon Steel added Y2 to Y475 on the day's heaviest trading of 192.31m shares. Sumitomo Metal Industries was second with 98.82m shares, gaining Y5 to Y386.

Mitsui O.S.K. Lines rose Y23 to Y398, reflecting the planned launch of a luxury passenger ship next year, and Kawasaki Kisen climbed Y10 to Y280.

Among high-tech stocks, Hitachi lost Y20 to Y1,410 and NEC Y40 to Y2,150 but Mitsubishi Electric firmed Y5 to Y726 against the trend.

Chemicals and biotechnology stocks fell back.

Toshiba Machine, which was found guilty of foreign exchange and foreign trade control law violation by Tokyo district court in connection with the sale of machine tools to the Soviet Union, dipped Y2 to Y538. Its parent, Toshiba Corp, closed Y9 down at Y809.

The Tokyo Stock Exchange said the number of first section shares traded on the exchange floor would be cut from 250 to 150 on April 18 to make operations smoother. The 100 that will cease floor trading will be traded by computer. In addition, the 93 foreign stocks listed on the exchange will be traded by computer from April 30.

Bond prices dropped in thin trading, affected by Monday's bond price fall in New York. The yen's appreciation had little effect on the market.

The yield on the 5.0 per cent government bond due in December 1997 soared temporarily to 4.505 per cent from Friday's 4.440 per cent, but later buying pushed it down to 4.485 per cent. Over-the-counter trading came to only slightly more than Y500bn, less than half the usual level.

Prices fell slightly on the Osaka Securities Exchange despite continued selective buying of large-capital stocks. The OSE stock average declined 7.28 from Friday to 26,057.11 on volume of 232m shares, up 8m.

Australia

A WAVE of profit-taking pulled shares down across the board after a three-day advance. In sometimes hectic trading, the All Ordinaries index shed 11.8 to 1,420.8, with banks one of the worst hit sectors. Selected golds, however, were firmer on the stronger bullion price.

Takeover activity remained a dominant force. Bell Resources, which said on Monday it had withdrawn its bid for parent Bell Group, added 8 cents to A$1.65 on 2.2m shares, again trading above the A$1.50-a-share offer from Sir Ron Brierley and Mr Kerry Packer. Bell Group was down 12 cents at A$1.65.

Adelaide Steamship added 16 cents to A$5.84 in the wake of associate Petersville Sleigh's bid for Tooth & Co, another associate, in the consumer sector. Petersville rose 15 cents to A$2.50 and Tooth found no buyers at the A$9 offered, after trading at A$7.20.

Hong Kong

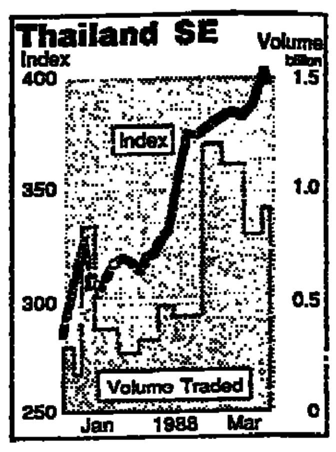
THE OVERNIGHT decline on Wall Street and profit-taking on strong company results left the Hang Seng index 8 lower at 2,594.80. Turnover slipped to HK$859m from HK$909m.

Singapore

UNSTEADY performances in New York and Tokyo and disappointment over results from Singapore Land and OUB pushed shares lower. The Straits Times industrial index ended off 11.60 at 957.85.

Hilary de Boerr on a boost to liquidity

Offshore funds send Thai market soaring



THE KINGDOM of Thailand is attracting considerable foreign interest in its stock exchange, helped by the growing number of offshore funds available to investors.

Since the start of the year, $155m has been committed to the emerging market through two new funds. Another two, worth $120m, are due to be launched over the next couple of months, taking the total to six, worth $330m.

The new money is helping to fuel a boom on the Thai exchange, which has soared 38 per cent since the start of the year with the SET index closing yesterday at 398, just slightly off the post-crash high of 400.31 reached on Monday. Domestic investors are also rushing in, to take advantage of the further gains expected as offshore funds unload their liquidity.

The funds are winning friends from the US, Europe and Japan, where investors see them as providing a relatively painless entry to the small Thai market. The country has foreign ownership limits on most stocks and imposes a tax of 25 per cent on capital gains for foreigners, curtailing direct overseas activity.

The new funds get round some or most of these obstacles through agreements with the Thai Government, under which they are either treated as domestic funds or enjoy double taxation treaty privileges.

The Thai-Euro Fund, expected to be listed on the London Stock Exchange by May, will inject about $70m of new capital into Thailand's stock exchange. It will be managed in London by Lloyds Bank, underwritten by London brokers Hoare Govett and managed locally by the Mutual Fund Company.

Its status as a domestic fund means investors face a reduced capital gains tax of 10 per cent, and lower withholding taxes on dividends and interest income.

Another $50m will soon be pumped into the market, with the launch early next month of The Thailand Growth Fund. Managers Nikko Securities are targetting the fund only at Japanese institutions, which will have to pay $10,000 per unit and wait five years to redeem them.

While access to the Thai Stock Exchange may be made easier by such funds, it does not necessarily come cheap – as shown by last month's launch on Wall Street of the Thai Fund Inc.

The $115m fund, expanded from an original $60m following strong demand, is currently trading at about $17¼ compared with its launch price on February 18 of $12. With about a third of its funds invested so far, the unit is trading at a premium of 63 per cent. Some analysts believe that is a high price to pay when many local stocks bought directly offer strong returns, even with the premium paid by investors on the restricted foreign board and with the high capital gains tax.

The foreign board lists those shares in a company that are allowed to be owned by overseas investors. They generally trade at a premium to the main board, with Siam Cement, for example, currently commanding a price about 15-20 per cent higher.

But in spite of such premiums, the number of direct foreign share purchases is still rising following indiscriminate post-crash selling. Along with the liquidity boost, good corporate earnings and strong economic growth are helping to attract investors, says Ms Rachel Hill of securities house Citicorp Scrimgeour Vickers. "People are desperate to get something of Thailand," she says.

About 10 per cent of total trading in January and February was by overseas investors. That compares with 20 per cent of total trading last year, or 25bn Baht ($980m), itself a 500 per cent increase on 1986.

The fear now is that the influx of foreign funds will create a shortage of stock. To tackle this the stock exchange is speeding up the rate at which it approves new listings. More equity will also be introduced through privatisations and a panoply of rights issues.

EUROPE

Milan falls 4% as speculators sell

MOST OF Europe was hit by profit-taking, with Italian shares leading the falls. Wall Street's losses on Monday added to a mood of uncertainty, but West Germany saw active trade in VW shares, *writes Our Markets Staff.*

MILAN fell back sharply in a wave of selling, mainly by speculators who have driven the market's recent rally. The Banca Commerciale index lost 20.67, or 4 per cent, to 521.7 in very high turnover.

But prices picked up in after-hours trading, notably in the De Benedetti group which had been hard hit during the session.

The market's recent rapid rise meant a correction was no surprise, but the sharp downturn demonstrated the speculative nature of trading.

"It's a very nervous market, and very hard to predict," said one analyst.

Among blue chips, Fiat shed L460, or 4.6 per cent, to L9,520. Montedison lost L64 to L1,415 amid speculation it might announce a restructuring of its US interests, notably Himont, at a press conference later.

In the De Benedetti group, Buitoni shed L755 to L10,495 and Cir lost L130 to L6,500.

But Olivetti came back from a low of L10,050 to close down just L99 at L10,401, helping to set off the later rally.

FRANKFURT saw lively trading in VW following news of the Government's share sale, but ended lower in generally light trading as consolidation continued after last week's rally.

The FAZ index eased 2.08 to 470.49, with a Frankfurt dollar fixing of DM1.6914 against DM1.6807 on Monday.

VW gained DM4.80 to DM245.60, compared with the DM238 price for the government stake, which goes on sale tomorrow. Other carmakers fell back, with BMW losing DM7 to DM526 and Daimler off DM3 to DM698.50.

Bonds were mixed in listless trading, with the yield on the 10-year unit unchanged at 6.25 per cent.

AMSTERDAM was boosted by opening gains on Wall Street and the higher dollar, which closed at Fl 1.9021 in Amsterdam, compared with an opening level of Fl 1.8943.

Biochemical company Gist-Brocades added Fl 1.50 to Fl 34.60 after forecasting a profits improvement this year after a 13.4 per cent drop last year. Aircraft maker Fokker added 60 cents to Fl 25.40 on news of an order for 15 aircraft. The midday ANP-CBS eased slightly from 260.3 to 252.8.

BRUSSELS entered the first day of the new trading period on a quiet note, hit by concern about the country's continuing political crisis and a lack of activity elsewhere in Europe.

But prices managed a small rise, with the cash market index ending 8.55 higher at 4,962.44.

London

CURRENCY movements took their toll as a chief influence in London yesterday in another session marked by muted interest and low volume. The slightly steadier dollar encouraged modest US support of blue chips and other international favourites such as Glaxo and Jaguar.

Turnover at 313.7m shares was the lowest for some weeks and the FT-SE 100 index lost 5.7 to 1,835.4.

Société Générale's announcement of a 22 per cent drop in 1987 profits came too late to affect its shares, which are still not traded on the regular exchange.

The issue closed down BFr100 at BFr7,960 on the cash market, amid news from French holding company Cerus, part of the De Benedetti group, that it had acquired an additional 3.85 per cent of its takeover target.

Luxembourg steelmaker Arbed, which has La Générale as its largest private shareholder, added BFr75 to BFr1,770 on reports of a plan to ward off foreign raiders.

Retailer Delhaize posted one of the day's largest rises, adding BFr120, or 2.7 per cent, to BFr4,520 on buy recommendations from brokers. Supermarket chain GB-Inno recovered BFr10 to BFr1,250.

PARIS continued to be held back by uncertainty over whether President François Mitterrand was going to run for a second term, with the CAC General index losing 5.4 to 293.2.

The closing of the March trading account today created some selling pressure, with buying interest hit by the previous day's weakness on Wall Street. Schneider, battling for control of Télémécanique, lost FFr15 to FFr255.

ZURICH closed easier on profit-taking in the wake of Wall Street's Monday fall. The Crédit Suisse index dropped 3.8 to 458.2 in moderate trading.

Banking stocks showed losses, with Union Bank bearer down SFr55 at SFr3,195.

Engineering issues were mixed. Brown Boveri bearer fell SFr30 to SFr28,140 while Sulzer gained SFr75 to SFr4,675.

STOCKHOLM declined in light trading with turnover worth about SKr171m. The general index fell 0.6 per cent after losses in Wall Street and Tokyo.

Alfa-Laval moved against the trend, with its B shares gaining SKr10 to SKr335. It announced better than expected 1987 results on Monday.

Aga also rose, adding SKr1 to SKr183, after its bid with MoDo and SCA the previous day for the hydro-electric facilities of timber and power company Graengesverken, which said yesterday it would resist the takeover.

HELSINKI rose by 0.6 per cent in fairly high turnover worth FM93.5m as foreign interest returned.

The Unitas General index was up 3.8 at 617.5 and advances led declines four to one.

Wartsila I shares slipped FM1 to FM365 while the company's II shares gained FM1 to FM214 after news that it had won an order for a car ferry from Sweden's Johnson Line.

MADRID moved lower on profit-taking, with most sectors down. Some bank issues improved, however.

SOUTH AFRICA

GOLD ISSUES managed gains in Johannesburg but toppled from their day's highs as the bullion price slipped to about $448.50 an ounce.

A continued shortage of blue chip stocks kept volume low.

In golds, Vaal Reefs reached a day's high of R261 but finished at R257, up R7, Randfontein fell R5 to R225 after climbing to R233 earlier, Freegold rose 75 cents to R29 and Beatrix increased 50 cents to R12.

Profit-taking hit platinum stocks after the recent rise in the metal's price. Rustenburg slipped 25 cents to R29 and Impala fell 50 cents to R25.75, but Lebowa again rose 20 cents to R3.55.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY MARCH 22 1988					MONDAY MARCH 21 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (89)	117.06	-1.4	94.86	105.34	4.03	118.68	96.33	106.80	180.81	85.36	119.18
Austria (16)	91.76	+0.0	74.36	80.63	2.60	91.75	74.47	80.44	102.87	84.35	94.24
Belgium (48)	135.20	+0.3	109.56	118.36	4.04	134.86	109.47	117.90	139.89	94.63	118.92
Canada (126)	121.72	+0.4	98.64	109.91	2.99	121.28	98.45	109.69	141.78	98.15	134.35
Denmark (38)	117.55	-0.7	95.26	103.80	2.77	118.38	96.09	104.37	124.83	98.18	113.89
Finland (23)	122.89	+0.0	99.59	105.05	1.89	122.93	99.78	104.84	–	–	–
France (121)	83.09	-1.1	67.33	74.98	4.21	84.00	68.18	75.63	121.82	72.77	120.12
West Germany (94)	79.90	-0.7	64.75	70.35	2.63	80.44	65.29	70.67	104.93	67.78	87.27
Hong Kong (46)	101.32	-0.4	82.11	101.54	4.27	101.77	82.61	101.97	158.68	73.92	111.71
Ireland (14)	121.88	-0.6	98.77	108.73	4.22	122.57	99.49	109.20	160.22	93.50	130.14
Italy (94)	78.40	-4.0	63.53	73.31	2.63	81.69	66.31	76.30	112.11	62.99	102.50
Japan (457)	166.74	-0.5	135.12	133.96	0.53	167.57	136.01	134.47	167.57	100.00	127.08
Malaysia (36)	120.73	-0.7	97.83	119.75	3.23	121.63	98.73	120.76	193.64	93.76	131.63
Mexico (14)	145.55	-0.1	117.95	363.24	0.98	145.71	118.28	363.24	422.59	90.07	145.01
Netherland (37)	109.29	-0.4	88.57	94.85	4.84	109.73	89.07	95.08	131.41	87.70	113.46
New Zealand (23)	78.74	-0.5	63.81	63.02	5.37	79.13	64.23	63.31	138.99	64.42	96.88
Norway (24)	120.81	-0.7	97.90	104.58	2.90	121.60	98.70	104.89	185.01	95.51	127.07
Singapore (26)	113.08	-1.6	91.63	105.08	2.28	114.93	93.29	106.74	174.28	81.21	119.90
South Africa (61)	136.41	+1.1	110.54	80.59	5.27	134.87	109.47	79.68	198.09	100.00	151.66
Spain (43)	146.53	-0.4	118.75	125.83	3.36	147.18	119.47	126.16	168.81	100.00	111.13
Sweden (32)	117.78	-0.9	95.45	104.27	2.68	118.87	96.48	105.19	136.64	88.50	113.01
Switzerland (53)	84.12	-1.2	68.17	73.09	2.33	85.18	69.14	73.91	111.11	73.65	95.61
United Kingdom (327)	139.17	+0.0	112.78	112.78	4.26	139.21	113.00	113.00	162.87	99.65	133.88
USA (585)	109.56	+0.0	88.79	109.56	3.45	109.53	88.90	109.53	137.42	91.21	124.06
Europe (964)	109.53	-0.6	88.76	93.23	3.75	110.21	89.46	93.80	130.02	92.25	114.57
Pacific Basin (677)	162.21	-0.5	131.45	131.47	0.71	163.06	132.36	132.01	163.06	100.00	126.14
Euro-Pacific (1641)	141.15	-0.6	114.39	116.25	1.66	141.94	115.21	116.80	143.65	100.00	121.53
North America (711)	110.21	+0.1	89.31	109.60	3.42	110.15	89.41	109.56	137.55	91.68	124.60
Europe Ex. UK (637)	91.15	-1.2	73.87	80.94	3.28	92.21	74.85	81.74	111.97	78.89	102.61
Pacific Ex. Japan (220)	107.65	-1.0	87.24	99.75	4.09	108.75	88.27	100.76	164.03	82.92	114.68
World Ex. US (1842)	140.44	-0.5	113.81	115.77	1.73	141.16	114.58	116.28	143.38	100.00	122.33
World Ex. UK (2100)	127.47	-0.4	103.30	113.69	2.08	127.94	103.85	114.02	138.82	100.00	121.96
World Ex. So. Af. (2366)	128.45	-0.3	104.09	113.84	2.27	128.89	104.62	114.17	139.47	100.00	122.83
World Ex. Japan (1970)	110.17	-0.2	89.28	103.24	3.58	110.40	89.61	103.46	134.22	92.98	121.08
The World Index (2427)	128.50	-0.3	104.13	113.60	2.29	128.93	104.65	113.92	139.73	100.00	123.01

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Mexican market closed on March 21.